



# **China CITIC Bank Corporation Limited**

## **2023 Sustainability Report**

**March 21<sup>st</sup>, 2024**

## Preparation Explanation

China CITIC Bank Corporation Limited (hereinafter referred to as “China CITIC Bank” or “the Bank” or “we”) has been releasing social responsibilities/sustainability reports annually since 2008. The *China CITIC Bank Corporation Limited 2023 Sustainability Report* (hereinafter referred to as “the Report”) is the 16th consecutive report issued by China CITIC Bank.

### Reporting Scope

This Report is centered around China CITIC Bank, encompassing the Bank’s Head Office, domestic and international branches, and includes five subsidiaries: CITIC International Financial Holdings Limited, CNBC (Hong Kong) Investment Limited, CITIC Financial Leasing Co., Ltd., CITIC Wealth Management Corporation Limited and Zhejiang Lin’an CITIC Rural Bank. It also touches upon our joint venture entities.

### Preparation Basis

This Report is prepared based on the Shanghai Stock Exchange's (“SSE” hereinafter) *Guidelines for the Preparation of Reports on Companies' Fulfillment of Social Responsibilities* and relevant notices issued by the SSE, in addition to Appendix C2 (formerly Appendix 27), *Environmental, Social, and Governance Reporting Guide* of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*. The Report was prepared in accordance with the *Sustainability Reporting Standards (2016 and 2021*<sup>1</sup>, GRI Standards) issued by the Global Sustainability Standards Board (GSSB) and was also prepared with reference made to the *Guidelines on Environmental Information Disclosure for Financial Institutions* issued by the People’s Bank of China, *Opinions on Strengthening Social Responsibilities of Banking Financial Institutions* promulgated by the former China Banking Regulatory Commission (“CBRC” hereinafter), the *Guidelines on Corporate Social Responsibilities of Banking Financial Institutions* promulgated by the China Banking Association (“CBA” hereinafter) and the *Guide on the Preparation of Social Responsibilities Report (GB/T36001-2015)* promulgated by the Standardization Administration of the People's Republic of China.

### Principles of the Report

**Materiality:** The Bank has pinpointed essential topics regarding sustainable development, engaged with stakeholders, conducted assessments and prioritizations of these topics, and disclosed these key topics considering their significance. For details, please read “1.4 Identification and Assessment of Substantive Issues” in Chapter 1 of the Report.

**Quantification:** The Bank measured and disclosed the applicable key performance indicators (KPIs) according to the relevant quantitative standards. The information on the standards, methods, assumptions and/or calculation tools used for the quantification of

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<sup>1</sup> The GRI Standards 2021 came into effect on January 1, 2023.

environmental data, as well as the sources of the conversion factors used, was disclosed in the appropriate places.

Consistency: Unless otherwise specified, the preparation, disclosure, and statistical methods as well as KPI measures in the Report are consistent with those of previous years. No changes have been identified that may affect their comparability.

### **Data Description**

The data presented in this Report primarily derives from internal systems and branch statistics, with the disclosed operational data coming from the *2023 Annual Report (A Share) of China CITIC Bank Corporation Limited* (hereinafter referred to as the “*2023 Annual Report*”). If there is any difference in the listed data, the Annual Report shall prevail. Unless otherwise specified, for the purpose of the Report, denomination currency is Renminbi.

### **Preparer of the Report**

This Report was compiled by the Office of the Board of Directors of China CITIC Bank, situated at No. 1 Building, 10 Guanghua Road, Chaoyang District, Beijing.

### **Reporting Period**

Unless noted otherwise, the timeframe this Report covers extends from January 1, 2023, to December 31, 2023. Some information may have dated beyond the aforesaid time range.

### **Responsibility of the Report**

This Report underwent deliberation and was approved by the Bank's Board of Directors, Supervisory Board, and senior management team. The Board of Directors and all directors of the Bank guarantee that the information contained herein does not include any false record, misleading statements or material omissions, and assume several and joint liabilities for its truthfulness, accuracy and completeness.

### **Assurance of the Report**

KPMG Huazhen Certified Public Accountants (Special General Partnership) conducted an independent limited assurance on this Report and issued an independent assurance report (see the appendix of this Report for details).

### **Publication of the Report**

This Report was originally drafted in Simplified Chinese. The Traditional Chinese version and the English version were translated based on the Simplified Chinese version. In case of any discrepancies among the versions, the Simplified Chinese version shall prevail. The Report is released in the two forms of printed and electronic edition and the electronic edition can be browsed or downloaded on the official website of the Bank (<http://www.citicbank.com/>).

## About Us

### Company profile

China CITIC Bank was founded in 1987. It is one of the earliest emerging commercial banks established during China's reform and opening-up and also China's first commercial bank participating in financing at both domestic and international financial markets. As a keen contributor to China's economic development, the Bank is renowned at home and abroad for brushing numerous track records in the modern Chinese financial history. In April 2007, the Bank simultaneously listed its A and H shares at the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

Relying on the comprehensive resources of CITIC Group in terms of "Finance + Real Economy", the Bank, with the vision to become a bank with "Four Features"<sup>2</sup> and one of the world's first-class banks, upholds honesty and trustworthiness, pursuit of benefits through righteous means, steadiness and prudence, integrity and innovation, and legal compliance. Being customer-centric, the Bank worked to create a distinctive and differentiated model for financial services by implementing the "Five Leading"<sup>3</sup> strategy. For corporate customers, institutional customers and inter-bank market customers, the Bank offers integrated financial solutions in corporate banking business, international business, financial market business, institutional banking business, investment banking business, transaction banking business and custody business, etc. For individual customers, the Bank provides diversified financial products and services related to wealth management, private banking, personal credit, credit cards, pension finance and going abroad finance, etc. As such, the Bank satisfies the needs of corporate, institutional, inter-bank market and individual customers for comprehensive financial services on all fronts.

With a firm grasp of the political and people-oriented nature of financial work, the Bank has remained committed to its financial positioning and responsibility under overall strategies of the Party and the country, and worked unswervingly to be a loyal practitioner of national strategies, a strong supporter of the real economy, and an active builder of China as a financial powerhouse. Thriving through more than 30 years of growth and expansion, the Bank has become a financial conglomerate with strong comprehensive strength and brand influence competitiveness, registering more than RMB9 trillion total assets and more than 65,000 employees. In 2023, The Banker magazine of the United Kingdom, rated the Bank the 20th on its list of the "Top 500 Banking Brands" and the 19th on its list of the "Top 1,000 World Banks" in terms of tier-one capital.

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<sup>2</sup> A bank with "Four Features": a responsible, unique and valuable provider of the best comprehensive financial services with a human touch.

<sup>3</sup> "Five Leading": a leading wealth management bank, a leading comprehensive financing bank, a leading trading settlement bank, a leading forex service bank, and a leading digital bank.

## Awards

Award Category	Awarding Organization	Award Name	Award Winner Entity
General	<i>The Banker</i>	Ranked 20th on the “Top 500 Banking Ranking”	The Bank
	<i>The Banker</i>	Ranked 19th in the “Top 1,000 World Banks” in terms of tier-one capital	The Bank
	China Association for Public Companies	“Excellent ESG Practice Case of Public Companies for 2023”	The Bank
	CCTV Finance	Ranked 10th in the “Top 30 Financial Pioneers of Chinese ESG Listed Companies”	The Bank
	Securities Daily	“ESG Pioneer of 2023 for Listed Companies”	The Bank
	StockStar	“Top 40 ESG Investment Value Rankings for 2023 - ESG New Benchmark Enterprise Award”	The Bank
		“Most Progressive Bank of the Year”	The Bank
	IFRS Foundation (Beijing Office)	“ISSB International Sustainable Disclosure Standards - Learning Partner” Title	The Bank
Governance	China Association for Public Companies	“Best Practice Case for the Board of Directors of Public Companies for 2023”	The Bank
	Shanghai Stock Exchange	Rated A for the information disclosure of public	The Bank

		companies for the 7th consecutive year	
	Sina Finance	“Excellent Enterprise with Corporate Governance Responsibility”	The Bank
		“Annual Excellent Sustainable Development Enterprise” (The only selected bank)	The Bank
	www.p5w.net	“Outstanding IR Company”	The Bank
		“Award for Best Interaction with Small and Medium Investors”	The Bank
<b>Environmental</b>	China Banking Association (CBA)	Advanced institution in green bank assessment	The Bank
	Hong Kong Quality Assurance Agency	“Outstanding Award for Green and Sustainable Loan Structuring Advisor (Oil and Gas Industry)”	China CITIC Bank (International)
		“Outstanding Award for Green and Sustainable Bond Lead Manager (Financial Holdings Industry) Visionary Green Bond Framework”	China CITIC Bank (International)
	Financial Times	Golden Dragon Award “Best Green Financial Leasing Company of the Year”	CITIC Financial Leasing
	Cls.cn	Green Water Golden Mountain Award “ESG Investment Practice Award”	The Bank
<b>Social</b>	People’s Bank of China	Awarded first prize in the Financial Technology Development Award for	The Bank

	Inclusive Financial Digital Innovation Ecosystem	
China Banking Association (CBA)	“Typical Case of Inclusive Finance in China“	The Bank
	Three outlets were rated as “Top 100 Outlets of Civilized and Standardized Service in the Banking Industry for 2022”	The Bank
Xinhuanet, National Poverty Alleviation Publicity and Education Center	Excellent Case of National Rural Revitalization in 2023	The Bank
China Banking and Insurance News	Excellent Case of Financial Support for Key Counties Assisted in National Rural Revitalization Excellent Case	The Bank
mpaypass.com.cn	Golden Pine Awards “Technical Innovation Achievement Award”	The Bank
The Hong Kong Council of Social Service	Awarded the title of “Caring Company” for 20 consecutive years	China CITIC Bank (International)
Zhaopin.com	Top 100 Best Employers in China 2023	The Bank
StockStar	“Most Socially Responsible Bank of the Year”	The Bank
China Newsweek	“2023 Responsible Enterprise”	The Bank
fechina.com.cn	“ESG Outstanding Contribution Enterprise”	The Bank
National Business Daily	“Most Socially Responsible Listed Company”	The Bank

**2023 Key Performance Indicators<sup>4</sup>**

Key Performance Indicators (KPI)	Unit	2023	2022	2021
<b>Economic Performance</b>				
Total assets <sup>※</sup>	RMB100 million	90,524.84	85,475.43	80,428.84
Operating income <sup>※</sup>	RMB100 million	2,055.70	2,111.09	2,045.54
Net profit <sup>※</sup>	RMB100 million	680.62	629.50	563.77
Value of social contribution per share <sup>※</sup>	RMB	6.24	6.02	5.64
<b>Operational Performance</b>				
Balance of inclusive loans to micro and small businesses	RMB100 million	5,450.76	4,459.92	3,668.67
Balance of loans to strategic emerging industries	RMB100 million	5,318.69	4,242.10	3,105.97
Number of customers in "specialized and new" enterprises	Units	27,144	20,596	-
Balance of agriculture-related	RMB100 million	5,604.46	4,869.30	3,967.16
<b>Governance Performance</b>				
Proportion of independent directors	%	44	36	33

<sup>4</sup> The data in this Report marked with "※" is consistent with the data of our Group in the China CITIC Bank 2023 Annual Report; the data marked with "※※" includes data from China CITIC Bank itself (including both domestic and international branches) as well as its five subsidiaries (See the Preparation Explanation for details). Unless otherwise specified, all data refers to that of China CITIC Bank (including domestic and overseas branches).



Number of anti-money laundering training sessions	Sessions	1,256	1,110	1,182
<b>Service Performance</b>				
Outlets	Units	1,451	1,428	1,415
Self-service terminals	Sets	4,482	4,967	5,397
Substitution rate for personal e-banking transaction volume	%	99.74	99.72	99.65
Overall customer satisfaction with debit card services across all channels	%	98.54	98.30	98.03
<b>Environmental Performance</b>				
Green loan balance	RMB100 million	4,590.22	3,340.82	2,054.25
Total greenhouse gas emissions <sup>**</sup> (Scope 1 + Scope 2)	Tons	152,909.41	158,529.10	164,345.10
Purchased electricity <sup>**</sup>	MWh	257,999.22	250,955.47	261,437.44
Credit card paper statement substitution rate	%	100	100	100
<b>Social Performance</b>				
Total donations <sup>*</sup>	Ten thousand RMB	1,173.51	855.04	1,161.92
Volunteer activities <sup>*</sup>	Sessions	804	598	288
Public education and outreach activities	Sessions	12,570	10,340	14,670
<b>Employee Performance</b>				
Total employees <sup>*</sup>	Persons	66,891	61,103	59,258

Proportion of female employees <sup>*</sup>	%	54.22	54.70	54.31
Total training investment	Ten thousand RMB	17,038.55	7,333.07	9,748.12

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## Chairman's Letter To Shareholders

Amidst the relentless passage of time and fast transformations, we retrospect on the year 2023, where a whirlwind of change swept through the centennial global landscape, accompanied by mounting climatic upheavals. The pursuit of sustainable development has thus become an indispensable litmus test for enterprises striving towards high-quality development. In the past year, taking Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as the guideline, we followed the guiding principles of the Central Financial Work Conference and the Central Economic Work Conference, fully and faithfully acted on our new development philosophy on all fronts, actively served and integrated into the new development pattern, and, as a state-owned financial enterprise, coordinated the development of economy, environment, social benefits with financial power.

### **E-Environmental | Persisting in green development and pursuing “lucid waters and lush mountains”**

We deeply understand that green development constitutes the foundational hue of high-quality growth. With conviction, we trod the path of modernization that fostered harmonious coexistence between humanity and nature, embedding the “green gene” into every facet of our management and operations. We tirelessly strived to achieve a harmonious balance between environmental benefits and economic returns, ensuring that “green” is not just a business practice but also an overarching philosophy, subtly influencing and enriching all aspects like the silent nurturing of nature’s elements. **We worked to realize carbon peaking and carbon neutrality goals.** We accelerated work on making ourselves a green bank, put effort into building a green financial system, leveraged our collaboration within the Group to create a green ecosystem, increased green credit both in quality and quantity, maintained rapid growth of credit loans, distributed domestically the first sustainability-linked panda bill, and set up the “CITIC Green Credit Bond Basket” to comprehensively drive the green transformation of economic and social development. Making use of the guiding role of finance, we encouraged green consumption among the public and realized the initial connectivity and mutual recognition of carbon account in the financial industry for “CITIC Carbon Account”. As of the end of the reporting period, our total reduction in emissions amount exceeded 10,000 tons. **Remaining steadfastly attuned to the pivotal issues at hand, we took a proactive stance in confronting the challenges posed by climate change.** We closely kept up with the pace of global climate governance, steadily advanced our evolution into a climate-friendly bank, became a member of the China Climate Investment and Financing Alliance, incorporated climate change into our risk management system, and released our first Task Force on Climate-related Financial Disclosures (TCFD) report, all of which are part of our contribution to addressing this global issue. **We pursued “long-term sustainability”, and actively practiced a low-carbon operational philosophy.** We steadfastly pushed forward energy conservation and emission reduction initiatives, enhanced the recognition and management of our carbon footprint, initiated the construction of our first carbon-neutral branch, cultivated an all-encompassing awareness of carbon reduction across our entire staff, advocated for paperless office practices and green commuting, and thereby propelled the Bank's overall operations towards deeper and more substantial low-carbon achievements.

### **S-Social | Diversifying value creation and living up to the expectations of China and**

## its people

We adhered to the political and people-oriented nature of financial work, remained dedicated to diversifying value creation, and, with the concept of “finance for the people” in mind, shouldered our responsibility as a financial institution to offer customers care-inspired services. **We served the real economy with all our efforts as a major state-owned bank.** We always bore in mind our duty to serve the real economy, took the initiative to integrate our operations into national strategies, and sped up the granting of loans to strategic emerging industries, medium- and long-term manufacturing, rural revitalization, and inclusive finance. We also built a long-effect “value inclusiveness” mechanism, creating a new model of inclusive finance that was affordable and commercially sustainable so as to benefit more people and enterprises. Upholding the rural revitalization strategy, we provided a strong impetus for rural transformation with diversified and multi-layered financial products to beautify rural areas. Actually, CITIC China is the only joint-stock commercial bank that has been given a rating of excellent in serving rural revitalization for two consecutive years. **We did our best to meet the expectations of people and strove to offer them care-inspired financial services.** Sticking to our people-centric philosophy, we comprehensively enhanced financial supply quality and capacity to better meet people’s ever-growing needs for a better life, upgraded the “Happiness+” pension finance system, and built a comprehensive service ecosystem covering Generation Z, the middle-aged, and seniors, accelerating the transformation from mere survival to high-quality care for the elderly. By holding steadfast to our customer-centered philosophy, we safeguarded consumer rights and interests both in quality and efficiency, digitally enhanced the customer experience, and improved risk prevention and control so as to fully guarantee the security of customers’ funds, privacy, and data. In addition to our self-motivated sustained effort, we also looked outward. For instance, we optimized our supply of public services, put more effort into volunteer services and charity activities, promoted paired assistance and helped in education and consumption. **We put people above everything else and deepened our people-centric philosophy.** We embraced the talent concept of “uniting those men in progression, inspiring men of action and promoting men with achievement”. With steadfast commitment, we diligently refined the fabric of our workforce’s composition and ceaselessly lifted its standards of excellence. We aspired to evolve into a distinguished platform for nurturing financial professionals and tirelessly boosting the growth metrics, happiness indices, and value benchmarks of our employees. Through these relentless pursuits, we endowed the Bank with robust human capital safeguards and intellectual prowess, thereby fostering its erstwhile journey toward unparalleled quality development.

## G-Governance | Determining compliance and implementing our corporate governance missions

We stayed resolute on high-quality development and high-level interactions, continued to modernize our corporate governance system, improved our operation mechanism scientifically and effectively, and prevented and resolved financial risks to create a sound environment conducive to stable and long-term development. **We optimized corporate governance to ensure the stable and high-quality development of the Bank.** We constantly improved the cross-appointment mechanism between the Party Committee, the Board of Directors, the Board of Supervisors, and senior management; built a corporate governance structure featuring “overall leadership of the Party Committee, strategic decision-making by the Board of Directors, supervision by the Board of Supervisors

according to law, and implementation by management”; strengthened internal supervision, the Board of Directors and the Board of Supervisors, and the governance evaluation and rectification mechanisms; and adjusted the composition of the Board of Directors to diversify and attract more independent and professional members. **We maintained high-quality development with effective risk control.** We strove to deepen the reform of systems and mechanisms, improve the risk control system to effectively control risks and promote development, and transition from a correction period to an adjustment period and then to a healthy period in terms of risk management throughout the Bank. We worked hard on our “safe CITIC” program, created a culture of compliance under the tenet of uprightness in conduct and devotion to ethical principles, and guided employees in establishing correct business and performance values. With the lingering complexities of the state of the world, we strongly coordinated development and security to ensure safety through development and to safeguard development outcomes. **We optimized ESG management to free up more space for high-quality development.** We strategically promoted ESG management, strengthened ESG top-level design, and, with the high-quality and sustainable development of CITIC Bank as the core, incorporated ESG into the Bank’s development plan. We also formed an ESG talent team and focused on stakeholder concerns to systematically improve ESG performance in various fields to boost the Bank’s development. In 2023, we became a pioneer on the International Sustainability Standards Board (ISSB) and were awarded multiple honors, such as “Best Case of Practice by the Board of Directors” and “Excellent Case of ESG Practices” as a listed company.

Amidst the grandeur and tumult of our times, we ride the waves forward. On the path of China's distinctive financial development, we have never wavered, constantly pressing ahead, and painting a tapestry of excellence. Standing at a new starting point, we are filled with confidence as we stride towards joining the ranks of the world's leading banks, using high-quality financial development to propel the development of a powerful financial nation. We will strive to fulfill the needs of our era, answer the trust bestowed by our country, align with the aspirations of the people, meet the expectations of our employees, and leverage our strengths to accelerate the development of “technology finance, green finance, inclusive finance, pension finance, and digital finance”, and write a new chapter in CITIC’s high-quality development with our “Four Features” and “Five Leading” new strategies.

Together, let's continue to work ceaselessly in 2024, and the beauty of progress will surely unfold. Let us unite to grasp the mantle of sustainable development and set out on a journey where every step is a testament to our commitment to what lies ahead.

Chairman, Executive Director, Fang Heying

March 21, 2024

## President's Letter To Shareholders

The gentle sun revives hibernation, and all beings flourish in the embrace of spring. The year 2023 was the first year to fully implement the guiding principles of the 20th CPC National Congress and a pivotal year for the building of China as a great modern socialist country in all aspects. It witnessed the acceleration of changes in a way unseen for a century. Despite the lingering complexities of the state of the world, the domestic economy showed an upward trend. As a state-owned financial enterprise, we always make our greatest effort to better balance operations with regard to the states of both the nation and the world, remain mindful of the country's most fundamental interests, stay true to the mission of building China into a financial power by serving the real economy, improve our value creation capabilities through coordinating economic, environmental and social benefits, and solidify the foundation of sustainable development through mutual assistance.

**We remained committed to aligning our actions with the grander scheme of national development, resolutely treading the path dedicated to nurturing and reinforcing the bedrock of the real economy.** Serving national strategies is the very mission and value underpinning high-quality development in finance. We consistently uphold serving the real economy as our fundamental guiding principle for business operations and growth. In 2023, we considered it our mission to serve the national strategies with our high-quality development and took support for the real economy as the fundamental purpose of our operations and development. We adhered to serving China and benefiting its people, closely followed national policies and industrial development strategies, channeled more resources to the key areas and weak links of the real economy, strengthened innovation of products and services, and cut more costs to fully support the development of the real economy. The loan balances for strategic emerging industries, medium- and long-term manufacturing, and inclusive finance respectively reached RMB531.9 billion, RMB258.6 billion, and RMB545.1 billion, representing a year-on-year increase of 25%, 28%, and 22%, respectively, far higher than our average loan growth rate. To boost high-level technological self-reliance, we developed sci-tech innovation and development plans and comprehensive financial service plans, built a specialized system for technology finance, and expanded the supply of technology finance products. In 2023, the balance of sci-tech innovation loans was RMB415.7 billion, a year-on-year increase of over 20%.

**We persisted in green development and drove the green transformation of economic and social development.** Green development not only is an important part of the new development philosophy but also provides a significant historical opportunity for the transformation and restructuring of the banking industry. Strategically guided and promoted at the top level, we strengthened our assessment capacity, added more resources, explored innovative models for carbon finance, and comprehensively enhanced our ability to drive the green transformation of economic and social development. Last year, we established a "1+N+N" green finance product system covering credit, bonds, insurance, and funds. Through collaboration within our group, we leveraged our carbon technology and carbon consulting service capabilities to launch a one-stop service model, integrating green technology, green consulting, and green finance. We further optimized the "CITIC Carbon Account + Low Carbon Card" product operation system and expanded the "Lv Xin Hui" low-carbon ecological platform. As of the end of 2023, the balance of green credit was RMB459.0 billion, an increase of 37% compared with the beginning of the year, much

higher than the average growth rate of the Bank; the balance of investment in green bonds increased by 58% year on year; the number of users of our “CITIC Carbon Account”, the first of its kind in the industry, exceeded 8 million; and we created the “Carbon Account Connectivity System” with China UnionPay.

**We worked toward common prosperity and exerted ourselves in rural revitalization.**

The harmonious pursuit of the CPC and its people lies in fostering collective prosperity—a vital endeavor that holds the key to unlocking a brighter, more prosperous future for all. With a focus on key areas such as agriculture and rural infrastructure, food and agricultural production, and key customer groups in counties, we continuously enhanced our credit support; established more outlets in counties; expanded such business operations as account opening, payment settlement, and investment in rural areas; facilitated agriculture-related financial services online; and enriched the specialty product system represented by the “CITIC Easy Loan”. We launched the “Common Prosperity and Common Creation” characteristic investment products, extending financial services to remote counties, and introduced “CITIC e-Sales” grain procurement loans, “Cold Chain e-Loan”, and other related products, enriching the rural-revitalization products system. The balance of agriculture-related loans reached RMB560.4 billion, an increase of 15% over the year beginning. In the meantime, we provided more financial support for key links regarding industrial assistance, employment assistance, and industrial development in poverty-stricken areas. The balance of loans for targeted assistance increased by 13% year on year, and that for poverty-stricken areas increased by 16% year on year, benefiting over a million customers.

**We adhered to the principle of "finance serving the people" and resolutely followed the path of "putting people first".**

As a state-owned financial enterprise, the ultimate goal of our work is to fulfill people’s aspirations for a better life and offer them more safe and profitable financial products. In 2023, fully leveraging collaboration within the group, we built the “CITIC Wealth Plaza” to offer high-quality digital and inclusive wealth management services online. Retail management assets reached RMB4.2 trillion. By building a comprehensive service ecosystem covering “wealth, health, medical care, and longevity” centering on pension finance, we helped customers smoothly transition from “saving for elderly care” to “investing for elderly care”. The “Happiness+” pension account book served over 3 million customers. We continued our exploration of the “Charity+Finance” product and service model. Through the “Ai Xin Hui” public welfare platform, we have built a total of over 210 “Dream Center” multimedia classrooms in remote areas and launched the “Warm Children’s Travel” series of investment products, raising more than RMB5 billion for charity, further extending our philanthropic reach. We improved the “Sentinel” anti-fraud risk control system, which intercepted and stopped attacks on over 1,000 customers, preventing the loss of over RMB100 million and intercepting more than RMB 1.5 billion by inspecting suspicious accounts.

**We steadfastly followed the tenet of "uprightness in conduct and devotion to ethical principles," unwaveringly treading the path of stringent regulatory compliance in our business practices.**

Risk control and compliance awareness are pivotal for a bank’s high-quality development. The stronger the awareness, the more solid the foundation is for sustainable development. Under the tenet of uprightness in conduct and devotion to ethical principles, we worked hard to create a culture of compliance by ensuring senior management is a core example to maintain compliance momentum and promote its deep



integration into our operations and management. In 2023, we strove to improve our risk management system to effectively control risks and promote both development and compliance management systems with wide coverage and high reliability. We organized over 11,000 warning education sessions throughout the year, attracting over 53,000 people. We worked to solve problems of the greatest, most immediate, and most practical concern to people, continued the improvement of a consumer protection system and mechanism, strengthened internal compliance management, and dealt with problems at their sources to assure customers. In 2023, our products and services reviewed went up by 85% and complaints decreased by 17% compared to last year.

**We staunchly upheld the ethos of the "talent-powered bank," unwavering in our commitment to fostering a journey that nurtures, advances, and realizes the potential of every member of our team.** We were committed to cultivating and attracting more talent to guarantee our high-quality development. Always considering talent as our primary resource, we fostered our staff by “uniting those men in progression, inspiring men of action and promoting men with achievement”, expanded career development channels for employees, adopted the “performance + capability” appraisal system, constantly enhanced incentive, provided more to our employees, smoothed channels for them to speak out, and inspired their passion to work. We propelled demonstration talent cultivation projects, namely, the “Hundred Ships” project and the “Thousand Sails” project, debuted the “Original Aspiration Plan” for Party-building talent cultivation, recruited and trained nearly 7,000 people at various technological and management levels, and organized vocational skills training sessions that saw nearly 370,000 attendees, thus enabling employees to be at the helm of our high-quality development. The “Voice” communication platform responded to over 10,000 primary-level issues and suggestions.

With resolute actions and unwavering pursuit of our dreams in this new phase, we set forth with determination, vigorously propelling ourselves forward into an unprecedented voyage. Looking to 2024, guided by our political and people-oriented approach, with the vision of being a world-class banking group and creating value for customers as our goal, we will fulfill our environmental and social responsibilities while ensuring our own development and will accelerate the development of “technology finance, green finance, inclusive finance, pension finance, and digital finance” to actively contribute to China’s financial development with Chinese characteristics.

Executive Director, President, Liu Cheng

March 21, 2024

## Chapter I Holding Strategic Leadership and Promoting Sustainable Development



### 1.1 Sustainable Strategic Planning

The Bank took sound operation and sustainable development as one of the guidelines for its development. The Bank adhered to longtermism, took a holistic approach to strike a balance between development and risk, and appropriately handled the relationship between the short term and the long term, and between the overall and local development. Besides, it followed the environmental, social and governance (hereinafter referred to as "ESG") concept and green development philosophy, proactively fulfilling its social responsibilities to improve its ESG performance continuously.

### 1.2 Sustainable Development Management

The Bank has included the implementation of sustainable development and ESG concepts in its development plan, continuously strengthened the top-level design around the targets for the plan, and established a sound sustainable development management system, promoting the orderly and steady implementation of the Bank's ESG-related work in a top-down manner.

#### 1.2.1 Statement of the Board of Directors

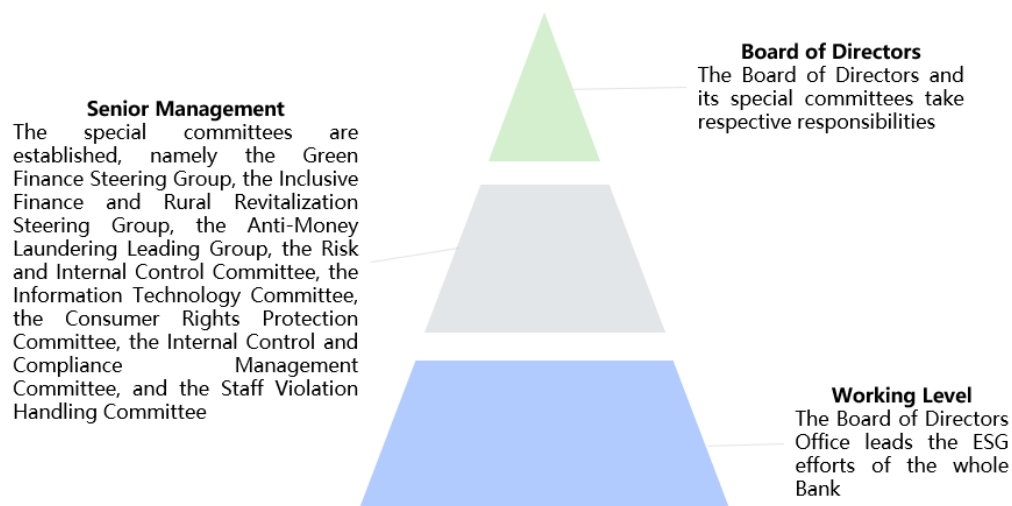
The financial- and non-financial performance of the Bank are closely connected as they are both critical to the Bank's attainment of high-quality and sustainable business development. To this end, the Board of Directors supervises and instructs the sustainable development work of the Bank on all fronts, and identifies the main tasks and priorities regarding ESG-related topics through regular communication with interested parties and materiality assessment. The Board of Directors and the special committees regularly review and discuss the management progress of ESG-related topics and evaluate the work results. For information on the performance of the Board of Directors in 2023, please refer to "2.1.2 Performance" in Chapter II of the Report.

The Bank has set ESG-related performance targets, as well as a series of green operation targets relating to the reduction of emissions and resource use, and regularly tracked the progress and performance against the targets. For details, please refer to "1.2.3 Targets and Progress" in this Chapter and "4.3 Conducting Green Operation" in Chapter IV.

The Bank incorporates ESG-related risks into its comprehensive risk management system and gives full consideration to the impact on the environment and society when carrying out investment and financing activities. Besides, it attaches great importance to climate risk management, so it actively identifies the impact of climate change on its business and develops corresponding measures to continuously improve its ability to respond to climate change. Moreover, the Bank is committed to helping its customers reach their goal of carbon peaking and carbon neutrality as early as possible, to meet their different needs by enriching its green investment and financing products. In 2023, the Bank achieved faster growth in the size of green loans and green innovation products.

## 1.2.2 Sustainable Development Management Structure

The Bank has set up a three-level sustainable development management structure consisting of the Board of Directors, the Senior Management and the Working Level to consistently promote sustainable development in all fronts.



- **Board of Directors:** As the strategic leadership, the Board of Directors supervises and guides the work concerning ESG topics such as green finance, inclusive finance, rural revitalization, protection of consumer rights, and protection of data and privacy, incorporates relevant topics into the bank-wide strategic planning, and regularly evaluates the plan implementation. The Strategic and Sustainable Development Committee of the Board of Directors is responsible for coordinating the development of the Bank's ESG system, reviewing ESG-related work reports, and promoting the implementation of other ESG-related work required by regulators.

- **Senior Management:** The special committees under the Senior Management are the management organs of relevant ESG topics. They are responsible for leading the making and routine management of the development plans on ESG-related topics and supervising ESG-related risk management in conducting business. In 2023, the Bank established a Market Value and ESG Management Working Group, led by the Vice President, to coordinate and promote the ESG efforts throughout the Bank.

- **Working Level:** The Board of Directors Office leads the ESG management of the whole Bank. It is responsible for advancing the building of ESG-related systems and mechanisms, preparing sustainability reports, and planning and organizing ESG trainings and education campaigns. The Head Office departments, branches and subsidiaries are responsible for the daily management of sustainable development, and the management of sustainable development topics based on the division of responsibilities.

## 1.2.3 Targets and Progress

Focusing on key areas such as green finance, inclusive finance, consumer rights protection, and privacy and data security, the Bank has set plans and targets for sustainable development. The Board of Directors and Senior Management regularly review the fulfillment of targets and make timely adjustments to them in light of the Bank's development and internal and external environments.

Topic	The target for 2023	Target fulfilment
<b>Green finance</b>	The corporate green loans increase by RMB120 billion in 2023	As of the end of 2023, the Bank's corporate green loans increased by RMB124,999 million from the end of the previous year, with the target achieved
<b>Inclusive finance</b>	The growth rate of inclusive loans to small- and micro-sized enterprises is higher than that of all loans, and the number of accounts with loan balances is higher than that at the end of the previous year	As of the end of 2023, the Bank's inclusive loan to small- and micro-sized enterprises was RMB545,076 million, an increase of RMB99,084 million compared with the end of the previous year, and the loan growth rate was 14.22 percentage points higher than that of all loans; the number of accounts with loan balance was 283,600, an increase of 53,600 from the end of the previous year
<b>Consumer rights protection</b>	The overall customer complaints show a downward trend in 2023	In 2023, customer complaints received by the Bank through all channels declined by 16.99% on a year-on-year basis
	In 2023, the first contact timeliness rate (contacting customers within one business day after receiving a complaint) for complaint work orders is 95% or higher	In 2023, the Bank's first contact timeliness rate for complaint work orders reached 98.93%
	In 2023, more than 95% of complaints received are resolved within the specified period	In 2023, 99.18% of complaints received by the Bank were resolved within the specified period
<b>Privacy and data security</b>	The cybersecurity publicity covers 100% of the outlets in 2023	The Bank conducted cybersecurity publicity in diversified forms, including organizing themed events and training and distributing publicity materials, with 100% of its business outlets covered by the end of 2023

#### 1.2.4 Sustainable Development Management Practice for 2023

In 2023, the Bank continued to improve ESG management level. It strengthened the development of policies and systems under the strategic leadership of the Board of Directors and formulated the *Measures for the Environmental, Social and Governance (ESG) Management of China CITIC Bank* (“ESG Management Measures”) and the *Work*

*Plan for the ESG Management of China CITIC Bank* (“ESG Work Plan”). The Bank focused on key areas such as green finance, green operation, consumer rights protection, social welfare, employee care, and compliant operation, and developed specified targets and measures for ESG development for the next three years, in order to systematically enhance the management of key ESG topics. It established a sound ESG management system, further improved the Bank's ESG management structure, defined the responsible persons for ESG management at all levels of the Head Office, branches and subsidiaries, and set up a bank-wide ESG management team of more than 150 people to promote its ESG-related work. The Bank advanced the implementation of the work related to "peak carbon emissions and carbon neutrality", sorted out its historical environmental data, and started to set relevant targets and implementation paths in line with its reality.

In 2023, the Bank continued to conduct ESG-related special training. We held a bank-wide training session on ESG-related topics on China CITIC Lecture, where external experts presented cutting-edge ESG development concepts and regulatory compliance requirements from regulators and stock exchanges. The goal was to promote ESG concepts to all Bank staff and integrate ESG principles into their practical work. ESG-related micro course materials were produced and uploaded to the Bank's training platform, receiving a cumulative total of nearly ten thousand views. After the issuance of the ESG Management Measures and ESG Work Plan, the Bank organized bank-wide training and learning in the first instance, with a total of more than 1,000 participants. To further strengthen the competence of managers at responsible departments and institutions at all levels for key ESG topics, The Bank conducted a special examination on the “implementation of the ESG concept of sustainable development”, which 13,504 employees passed. Through practical exercises, the Bank enhanced understanding and application of ESG concepts and promoted their effective implementation.

### **External Communication and Cooperation**

The Bank actively conducted dialogues and exchanges with domestic and foreign institutions in the fields of environmental and social responsibilities, vigorously promoted communication and cooperation with all parties, and learned from advanced ESG management concepts and useful practices, continuously improving its sustainable development capability. As issues on global energy, environment, and climate change are becoming increasingly prominent, the Bank participated in exchanges and cooperation in climate-related fields this year, where it discussed strategies and methods for addressing climate change with external experts and scholars, to continuously enhance its response capacity to climate risk.

In August 2023, China Beijing Green Exchange (CBGE for short below) and Beijing Green Finance Association, together with 23 climate investment and financing pilot regions, major commercial banks and other relevant institutions, established the Climate Investment and Financing Alliance, in a bid to build a policy support system and a market operation environment conducive to climate investment and financing. The Bank is a member of the Climate Investment and Financing Alliance. Mr Lu Jingen, Business Director of the Bank, attended the founding conference as a representative and delivered a keynote speech. He introduced the achievements of the Bank's low-carbon transition in recent years, as well as initiatives to support the sustainable development of green industries through group synergy and parent-subsidiary synergy. At the conference, the Bank signed a strategic cooperation agreement with China Beijing Green Exchange.

In November 2023, the IFRS Foundation Beijing Office hosted the Beijing International Sustainability Conference with the theme of “Get Ready: preparing to thrive in a new era of sustainability disclosure”. The conference was held against the backdrop of the release of the first two sustainability disclosure standards by the International Sustainability Standards Board (ISSB) in June, encouraging companies to become pioneers of learning and promoting the ISSB standards. Thanks to its continuous efforts and good performance in the ESG field, the Bank attended the conference as a corporate representative and became one of the first batch of "pioneers of sustainability disclosure standards", and was awarded the pioneer certificate by the ISSB Chair at the conference.

In December 2023, the Bank attended the Climate Action Roundtable organized by the World Economic Forum on the theme "promoting the sustainable industrial chain". At the roundtable, we shared our experience and achievements in the practices of sustainable industrial chains, presented the barriers and solutions to sustainable financing of industrial chains, and discussed with the guests how to develop effective climate governance mechanisms at the level of the Board of Directors, and laid the foundation for further exchanges and cooperation in the future.

### **1.3 Identification of and Communication with Interested Parties**

The Bank identified its interested parties based on the United Nations Sustainable Development Goals (SDGs), international standards and industry practices, typical characteristics of the financial industry, and the Bank's practical experience in CSR and ESG work. In 2023, the Bank re-identified its interested parties. Compared to the previous year, the Bank identified the media as an important interested party for the first time. The media serves as a communicator and monitor of the sustainability practices of listed companies, making it a crucial party for the Bank's better fulfilment of its responsibilities and information disclosure obligations. Ultimately, seven interested parties have been identified and recognized by the Bank, including governments/regulators, shareholders/investors, customers/consumers, suppliers/partners, employees, community, and media.

### Identification Table of Interested Parties of the Bank

Interested party	Expectations	Form of Communication	Response Measures	Performance
<b>Governments/Regulators</b>	<ul style="list-style-type: none"> <li>✓ Compliance with state laws and regulations as well as industrial standards and norms</li> <li>✓ Supporting national strategies</li> <li>✓ Safeguarding safety of bank funds</li> <li>✓ Fair competition according to law, and safeguarding a fair competition environment</li> <li>✓ Adherence to sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Laws, regulations, policy guidelines and normative documents</li> <li>✓ Industrial meetings, special reports, regulatory announcements and ratings, and briefings</li> <li>✓ On-site inspections and off-site supervision</li> <li>✓ Symposiums, seminars, and forums</li> </ul>	<ul style="list-style-type: none"> <li>✓ Responded to government calls</li> <li>✓ Implemented regulatory policies</li> <li>✓ Participated in the development of industrial standards and norms</li> <li>✓ Improved operating and management performance</li> <li>✓ Accepted regulatory evaluation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Tax payment according to law</li> <li>✓ Compliant operation</li> <li>✓ Supporting national strategies</li> <li>✓ Steady improvement of operating results</li> <li>✓ Advancing anti-corruption and clean governance</li> <li>✓ Safeguarding a stable financial order, etc.</li> </ul>
<b>Shareholders/Investors</b>	<ul style="list-style-type: none"> <li>✓ Standardized corporate governance</li> <li>✓ Higher return to shareholders</li> <li>✓ Implementation of risk management</li> <li>✓ Higher profitability</li> <li>✓ Higher corporate value</li> <li>✓ Adherence to sustainability</li> </ul>	<ul style="list-style-type: none"> <li>✓ Shareholders' general meetings</li> <li>✓ Periodical announcements</li> <li>✓ Communication and exchanges with investors</li> <li>✓ Roadshows and reverse roadshows</li> <li>✓ Results presentation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Formulated and implemented development strategies</li> <li>✓ Refined corporate governance</li> <li>✓ Reinforced risk prevention</li> <li>✓ Increased transparency of information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>✓ Better CSR management</li> <li>✓ Higher social contribution value per share</li> <li>✓ Lasting brand value</li> <li>✓ Better operating performance</li> <li>✓ Regulatory ratings, etc.</li> </ul>

Interested party	Expectations	Form of Communication	Response Measures	Performance
	development			
<b>Customer s/Consumers</b>	<ul style="list-style-type: none"> <li>✓ Provision of high-quality financial services and products</li> <li>✓ Provision of complete, truthful and accurate product and service information</li> <li>✓ Safeguarding information safety</li> </ul>	<ul style="list-style-type: none"> <li>✓ Outlets</li> <li>✓ E-banking</li> <li>✓ Customer service platforms</li> <li>✓ Marketing activities</li> <li>✓ Salons and lectures</li> <li>✓ Market surveys</li> <li>✓ Result evaluation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provided fast and convenient financial services</li> <li>✓ Provided diversified financial products</li> <li>✓ Timely launched product and marketing announcements</li> <li>✓ Understood customers' comments and suggestions</li> <li>✓ Strengthened safety and security of outlets</li> </ul>	<ul style="list-style-type: none"> <li>✓ Survey of customer satisfaction and demand</li> <li>✓ Higher service quality</li> <li>✓ Better customer experience</li> <li>✓ Safeguarding customers' rights and interests, etc.</li> </ul>
<b>Suppliers/ Partners</b>	<ul style="list-style-type: none"> <li>✓ Compliance with commercial ethics</li> <li>✓ Open, equitable and fair procurement</li> <li>✓ Mutual benefits, win-win and common development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Publicly available procurement information</li> <li>✓ Supplier due diligence</li> <li>✓ Negotiations and exchanges</li> <li>✓ Cooperation agreements and contracts</li> </ul>	<ul style="list-style-type: none"> <li>✓ Set up and improved the supplier management mechanism</li> <li>✓ Established and maintained a supplier database</li> <li>✓ Reinforced communication and contact with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Establishment of a centralized procurement center at the Head Office</li> <li>✓ Formulation of relevant rules and regulations on centralized procurement management</li> <li>✓ Establishment of partnerships</li> </ul>



Interested party	Expectations	Form of Communication	Response Measures	Performance
				with suppliers, etc.
<b>Employee s/Staff</b>	<ul style="list-style-type: none"> <li>✓ Creation of jobs</li> <li>✓ Reasonable remuneration and welfare\</li> <li>✓ Satisfactory work environment</li> <li>✓ Smooth communication mechanisms</li> <li>✓ Admirable room for personal career development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Employee representatives' congresses</li> <li>✓ Labor unions</li> <li>✓ Intranet emails and forums</li> <li>✓ Office software and platforms for employees</li> <li>✓ Employee reporting mechanism and whistleblower protection</li> </ul>	<ul style="list-style-type: none"> <li>✓ Uniformly recruited employees</li> <li>✓ Upheld equal pay for equal work</li> <li>✓ Safeguarded staff health and safety</li> <li>✓ Organized cultural and sports activities</li> <li>✓ Protected essential rights and interests of staff</li> <li>✓ Provided on-job skill training</li> <li>✓ Listened to employee viewpoints</li> <li>✓ Implemented whistleblower protection</li> </ul>	<ul style="list-style-type: none"> <li>✓ Realizing the role of labor union</li> <li>✓ Staff performance evaluation for promotion purpose</li> <li>✓ Health examination and psychological counseling for employees</li> <li>✓ Satisfaction surveys for employees</li> <li>✓ Diversified professional training sessions</li> <li>✓ Employee s leave</li> <li>✓ Symposi ums with young employees, etc.</li> </ul>
<b>Communi ty</b>	<ul style="list-style-type: none"> <li>✓ Care for vulnerable groups</li> <li>✓ Communication on assistance</li> <li>✓ Charity and public benefit activities</li> </ul>	<ul style="list-style-type: none"> <li>✓ On-site surveys and visits</li> <li>✓ Visit to assistance providers</li> <li>✓ Visit to charity and public benefit organizations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Made outbound donations</li> <li>✓ Implemented assistance projects</li> <li>✓ Assisted vulnerable</li> </ul>	<ul style="list-style-type: none"> <li>✓ More outbound donations</li> <li>✓ Targeted assistance, public benefit and charity activities</li> </ul>

Interested party	Expectations	Form of Communication	Response Measures	Performance
	<ul style="list-style-type: none"> <li>✓ Promote Financial literacy</li> </ul>	<ul style="list-style-type: none"> <li>✓ Support to the rural revitalization</li> </ul>	<ul style="list-style-type: none"> <li>groups</li> <li>✓ Promoted financial literacy</li> <li>✓ Organized public benefit activities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Voluntary activities, etc.</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>✓ Increased transparency of information disclosure</li> <li>✓ Timely presentation of initiatives and progress related to sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Information briefings and media interviews</li> <li>✓ Corporate website and social media</li> <li>✓ Periodical reports</li> <li>✓ Results presentations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Organized press conferences and results presentations</li> <li>✓ Organized media interviews</li> <li>✓ Timely disclosed periodic reports and uploaded publicity materials on official websites and social media</li> </ul>	<ul style="list-style-type: none"> <li>✓ Depth and breadth of media coverage</li> <li>✓ Positive public opinion</li> <li>✓ Media engagement, etc.</li> </ul>

#### 1.4 Identification and Assessment of Material Topics

Building on the work of the previous year, the Bank continued to explore in-depth and comprehensively assess material topics related to sustainable development. The assessment procedures for the year consist of identification, assessment, and confirmation.

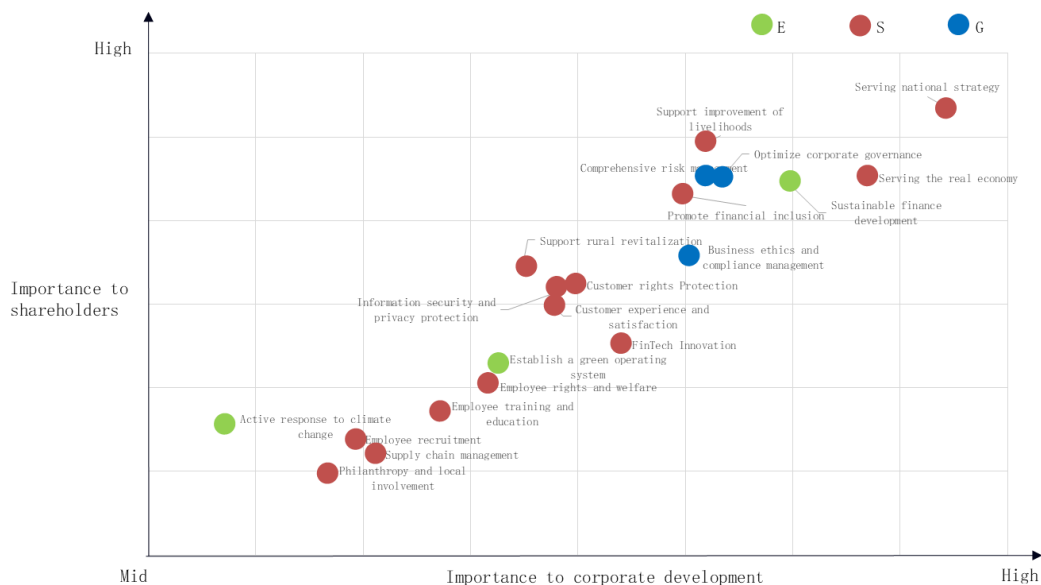
**Identification:** The Bank continuously strengthened its analysis and judgment of macro policies and industry development trends, and gained insights into ESG-related concerns of its interested parties and itself. Based on the assessment on material topics in 2022 and the relevant disclosure guidelines of the exchange, with reference to the latest policies and disclosure highlights of the banking sector and the GRI standards and other international general standards, the Bank conducted a comprehensive and integrated analysis on the relevant research results and concluded 20 material topics.

**Assessment:** Through daily communication with interested parties and a questionnaire, the Bank extensively collected opinions from internal and external

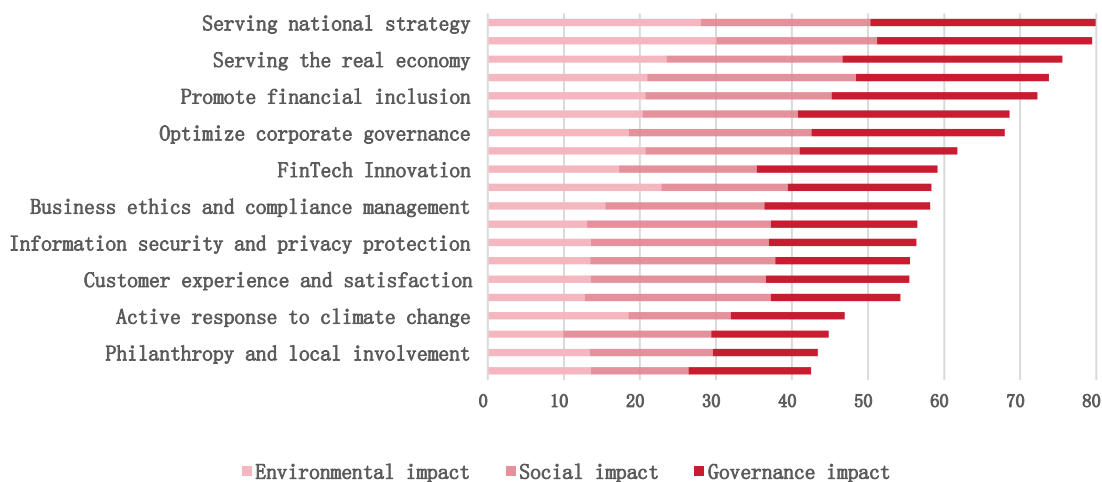
interested parties, providing strong support for the development of sustainable development strategies. In 2023, the Bank sent more than 1,000 questionnaires to internal and external interested parties, with a valid response rate of 100%. The questionnaire fully covered the seven major interested parties and the Bank's Head Office and branch institutions. In order to align with the latest international disclosure standards, our questionnaire included the requirements of the 2016 and 2021 GRI Standards.

**Confirmation:** After the above identification and assessment, the Bank drew the materiality matrix (as Figure 1 below) in line with the 2016 GRI Standards and research data. Based on the materiality matrix, the Bank assessed the impacts of the Bank's material topics on the environment, economy and human (human rights) (as Figure 2 below) in line with the 2021 GRI Standards and research data. According to the results of the above materiality analysis, the Bank determined the relative priority of each topic (as Table below).

### Materiality Matrix of the Bank



### Assessment on the Impacts of the Bank's Material Topics on the Environment, Economy and Human (Human Rights)



**List of Material Topics in Order of Priority of the Bank for 2023**

Substantive issues	Definition and content of material issues	Ranking of importance of substantive issues
<b>Serving national strategy</b>	Guided by national strategies to promote high-quality development	1
<b>Sustainable finance development</b>	In the bank's various investment and financing businesses, sustainability factors will be taken into consideration to promote the harmonious unity of the bank's economic benefits, environmental benefits, and social benefits.	2
<b>Serving the real economy</b>	Focus on main responsibilities and main businesses, continuously improve the matching between financial supply and the real economy, and assist the development of private enterprises	3
<b>Support improvement of livelihoods</b>	Adhere to the original intention of finance for the people and pay full attention to residents' service needs	4
<b>Promote financial inclusion</b>	Actively develop inclusive financial services, support small and micro enterprises, and promote equal distribution of financial resources.	5
<b>Comprehensive risk management</b>	Comprehensive identification, assessment and control of all potential risks to ensure that the bank can effectively prevent and respond to risks at all levels and business areas	6
<b>Optimize corporate governance</b>	Optimize corporate governance and improve the ability of directors, supervisors and senior executives to perform their duties	7
<b>Support rural revitalization</b>	Actively participate in and support rural development, and promote rural economic prosperity and social progress through the investment of finance and other resources.	8
<b>FinTech Innovation</b>	The company actively promotes digitalization and informatization construction to enhance the intelligence level of various businesses.	9
<b>Establish a</b>	Manage the environmental footprint in terms of	10

Substantive issues	Definition and content of material issues	Ranking of importance of substantive issues
<b>green operating system</b>	energy, water usage, paper consumption and waste	
<b>Business ethics and compliance management</b>	Strictly abide by external regulatory provisions and internal rules and regulations, operate with integrity, and ensure legal and compliant business operations; promulgate and abide by anti-corruption and anti-corruption policies, conduct regular employee ethical standards training, and maintain corporate reputation	11
<b>Customer rights Protection</b>	Ensure that the legitimate rights and interests of consumers in financial transactions are respected and protected, and provide safe and reliable financial products and services	12
<b>Information security and privacy protection</b>	Take comprehensive measures to ensure the security of networks and information systems while protecting customers' personal privacy and sensitive information from infringement	13
<b>Employee rights and welfare</b>	The company actively protects employees' occupational health and safety by conducting health examinations, safety drills, safety education and training, etc.	14
<b>Customer experience and satisfaction</b>	Committed to continuously optimizing services and processes to provide excellent customer experience and continuously meet customer needs and expectations	15
<b>Employee training and education</b>	The company provides employees with skills training and knowledge improvement required for their jobs and career development.	16
<b>Active response to climate change</b>	Explore the transmission mechanism of climate risks and other risks, manage climate risks, and identify climate opportunities	17
<b>Employee recruitment</b>	In employee recruitment, respect differences of different backgrounds, genders, races, and cultures, and provide fair and reasonable recruitment and employment mechanisms, working hours, work	18

<b>Substantive issues</b>	<b>Definition and content of material issues</b>	<b>Ranking of importance of substantive issues</b>
	benefits, etc.	
<b>Philanthropy and local involvement</b>	Actively organize and carry out volunteer activities, charity work, etc.	19
<b>Supply chain management</b>	The company has a complete supplier access, assessment, training, and exit mechanism, and incorporates ESG factors into supplier management.	20

## Chapter II Improving Governance and Upholding Business Compliance



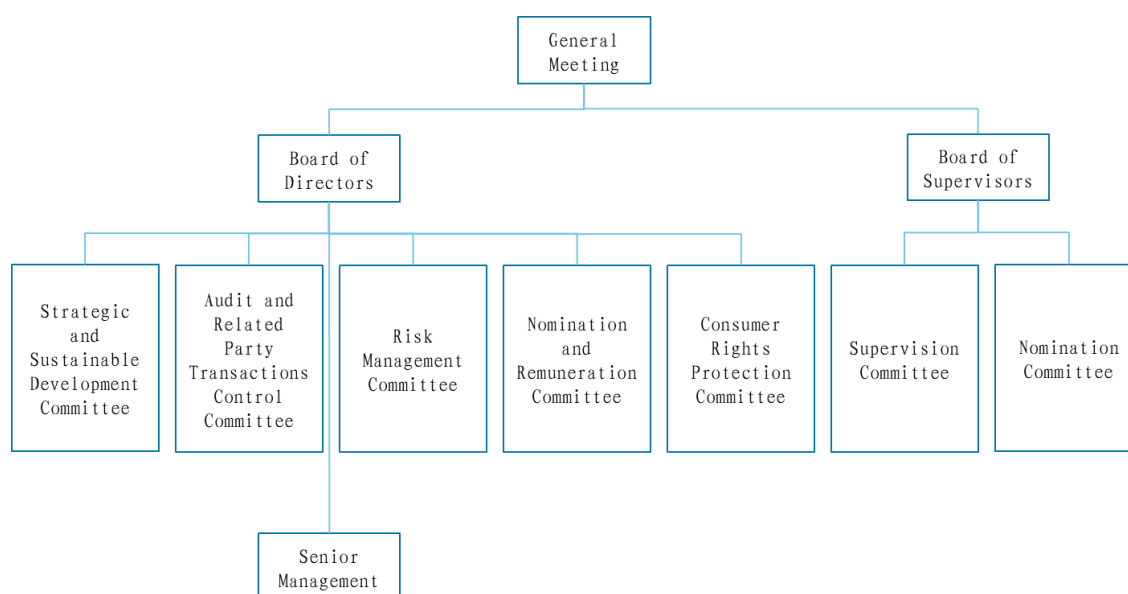
### 2.1 Improve Corporate Governance

The Bank integrated the Party's overall leadership into corporate governance. While giving full play to the important role of the Party Committee in "steering the way forward, managing the overall situation, and guaranteeing the implementation", the leadership system of "cross appointment" between the Party Committee and the Board of Directors, the Board of Supervisors and the senior management was continuously refined, and the corporate governance mechanism of "overall leadership by the Party Committee, strategic decision-making by the Board of Directors, law-based supervision by the Board of Supervisors, execution by the Management" was improved, effectively promoting the close integration of the leadership of the Party Committee and the modern corporate governance mechanism.

#### 2.1.1 Corporate Governance Framework

In 2023, the Bank carried out corporate governance and operational management in strict accordance with the *Company Law of the People's Republic of China*, *Law of the People's Republic of China on Commercial Banks*, *Law of the People's Republic of China on Regulation and Supervision over the Banking Industry*, *Code of Corporate Governance for Listed Companies*, *Corporate Governance Standards for Banking and Insurance Institutions*, and other relevant laws and regulations.

The Bank established a corporate governance framework of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the senior management, with each performing their respective duties and responsibilities within a framework of checks and balances, and kept improving the efficiency of corporate governance and secure the foundation of steady and healthy development.





## Structure of the Board of Directors and the Special Committees

There are 5 special committees under the Board of Directors of the Bank, namely, the Strategic and Sustainable Development Committee, the Audit and Related Party Transactions Control Committee, the Risk Management Committee, the Nomination and Remuneration Committee, and the Consumer Rights Protection Committee. As of the end of 2023, the Board of Directors had 9 members, including 2 executive directors, 3 non-executive directors, and 4 independent non-executive directors.

Special Committee	Number of Directors	Number of Independent Directors (on the Board)	Committee Chairman
<b>Strategic and Sustainable Development Committee</b>	4	1	Non-independent director
<b>Audit and Related Party Transactions Control Committee</b>	3	3	Independent director
<b>Risk Management Committee</b>	3	2	Non-independent director
<b>Nomination and Remuneration Committee</b>	4	4	Independent director
<b>Consumer Rights Protection Committee</b>	5	3	Non-independent director

### Independence of the Directors

As of the end of 2023, there were 4 independent non-executive directors in the Board of Directors of the Bank, accounting for 44% of the total number of directors. Among the special committees under the Board of Directors, all the members of the Audit and Related Party Transactions Committee and the Nomination and Remuneration Committee are independent directors. None of the independent directors of the Bank served as independent directors in more than three domestic public companies or five domestic and overseas enterprises, and none served as independent directors simultaneously in more than two commercial banks. The qualification, number and proportion of the Bank's independent directors were in line with relevant stipulations of the National Financial Regulatory Administration, China Securities Regulatory Commission, Shanghai Stock Exchange, and The Stock Exchange of Hong Kong Limited.

### Professionalism of the Directors

The members of the Board of Directors of the Bank were highly competent professionally in their respective fields. Among **2 executive directors**, Mr. Fang Heying had more than thirty years of bank working experience, and Mr. Liu Cheng had rich experience in development and reform and public finance. Among **3 non-executive directors** (excluding independent non-executive directors), Mr. Cao Guoqiang had more than thirty years of bank working experience, as well as rich experience in financial management of large-sized state-owned enterprises. Ms. Huang Fang had rich experience in the management of large-sized state-owned banks and served as vice president and chief financial officer in large-sized private enterprises. Mr. Wang Yankang, as an accounting expert, had rich working experience in accounting, audit and state-owned asset management of large-sized state-owned enterprises. Among **4 independent directors**, Mr. Liao Zibin, as a professional and audit expert, is familiar with the accounting and corporate regulations and business practices in Mainland China and Hong Kong SAR. Mr. Zhou Bowen is a professor at a famous university in China and an IT expert, with rich experience in artificial intelligence theory and cutting-edge technology research. Mr. Wang Huacheng is a professor at a famous university in China and an accounting expert, with rich academic research experience in finance, accounting and other fields, as well as independent director experience in public companies and the financial industry. Ms. Song Fangxiu is a professor at a famous university in China with rich research experience in monetary theory and policy, international finance, and asset pricing.

Mr. Liao Zibin, Chairman of the Audit and Related Party Transactions Control Committee of the Bank, had served as the chairman of KPMG China and the audit partner of the Asia Pacific Region, and had rich practical experience in mergers, acquisitions, restructurings and listing projects in the Chinese capital market. Mr. Wang Huacheng was the convener of the Audit and Risk Control Committee of the eighth Board of Directors of Tongfang Co., Ltd., a member of the Risk Control and Compliance Committee of the Board of Directors of Great Wall Securities Co., Ltd., and now the chairman of the Audit and Risk Management Committee of the Board of Directors of Beijing Capital International Airport Co., Ltd., with rich practical experience in risk management. Mr. Wang had also served as an independent director of Huaxia Bank Co., Ltd., E-Fund Management Co., Ltd., Huatai Securities Co., Ltd., and other financial companies, with rich experience in banking and finance work. During her tenure at a famous university in China, Ms. Song Fangxiu accumulated rich research experience in preventing and resolving risks of financial institutions, and regulatory measures and means for financial risks. She is an expert and scholar in the field of financial risk.

### **Diversity of the Directors**

The Bank paid attention to the diversity of the directors, and the Board of Directors comprised members of different genders, ages, cultures, and professional backgrounds such as economics, finance, accounting, audit, and IT. During the nomination of the directors by the Bank, the candidates were reviewed regarding their education background, work experience and concurrent positions, to ensure a diverse and complementary membership of the Board of Directors. As of the end of 2023, the Board of Directors of the Bank had 2 female directors, including 1 non-executive director and 1 independent non-executive director. The 5 special committees all had different directors as chairmen.

#### **2.1.2 Duty Performance**

## Duty Performance of the Board of Directors

In 2023, the Bank convened 14 meetings of the Board of Directors, where 102 proposals were deliberated and 45 reports were listened to. The Bank also convened 34 meetings of the special committees, where 97 proposals were deliberated and listened to 40 reports were listened to. The Board and the special committees deliberated on and discussed a series of major ESG topics and effectively performed pertinent duties in green finance, inclusive finance, consumer rights protection, internal control and compliance, anti-money laundering, connected transactions, protection of shareholders' interests, etc.

Special committees under the Board of Directors	Performance
<b>Strategic and Sustainable Development Committee</b>	<p>A total of 8 committee meetings were held, and deliberated and approved 19 proposals, such as the <i>Report on Sustainable Development for 2022</i>, the <i>Management Measures for Environmental, Social and Governance (ESG) of China CITIC Bank Corporation Limited</i>, the <i>Work Plan for the ESG Management of China CITIC Bank Corporation Limited</i>, the <i>Profit Distribution Plan of China CITIC Bank Corporation Limited for 2022</i>, and the <i>Proposal on Re-examining and Revising the 14th Five-Year Plan on Information Technology</i>. Four reports on the development of inclusive finance of China CITIC Bank and evaluation of China CITIC Bank's development planning were listened to. It also held in-depth discussions on issues related to sustainable development to promote the deep integration of sustainable development concepts with the Bank's strategic decisions.</p>
<b>Audit and Related Party Transactions Control Committee</b>	<p>A total of 11 committee meetings were held to review 26 proposals on internal control assessment, related party transactions, audit quality and performance assessment, and accounting firm engagement. Eight reports on China CITIC Bank's internal control and compliance and AML work in 2022 and in the first half of 2023, business plan in 2023, operation conditions in 2022 and the first three quarters of 2023, and audit work and remediation in 2023. The Audit and Related Party Transaction Control Committee fully played its supervisory role, promoted compliant operations, protected the shareholders' rights and interests, and continuously improved standardized corporate governance.</p>
<b>Risk Management Committee</b>	<p>A total of 7 committee meetings were held to deliberate and approve 39 proposals, including the <i>Risk Appetite Statement of China CITIC Bank for 2023</i> and the <i>Comprehensive Risk Management Policy of China CITIC Bank</i>, which clearly incorporated the ESG and climate risks into the comprehensive</p>

	<p>risk management, and continued to improve the climate-related risk management system and carry out climate risk identification, assessment and management. The revisions to risk management and assessment policies such as the <i>Management Policy of China CITIC Bank for Credit Risk Internal Rating</i> and the <i>Stress Testing Policies of China CITIC Bank</i> were discussed. In addition, in terms of supervising the implementation and improvement of information security, the Risk Management Committee listened to the <i>Report on IT Risk Management of China CITIC Bank in 2022</i> and <i>IT Regulatory Rating and Remediation of China CITIC Bank in 2022</i>, put forward improvement suggestions on strengthening information technology governance, network and data security management, and constantly built a shield for the Bank's information security.</p>
<p><b>Nomination and Remuneration Committee</b></p>	<p>A total of 6 committee meetings were held to deliberate and approve 12 proposals, including the performance appraisal and salary distribution plan for senior managers and the salary accounting plan for the employees of China CITIC Bank. It proposed suggestions on the selection and appointment of directors and senior managers of the company, and drafted a sound assessment and salary plan for directors and senior managers.</p>
<p><b>Consumer Rights Protection Committee</b></p>	<p>A total of 2 committee meetings were held to deliberate and approve 1 proposal on the Board of Directors Consumer Rights Protection Committee work plan in 2023, and 3 reports on the key points of the <i>Measures for the Administration of Consumer Rights and Interests Protection of Banking and Insurance Institutions</i>, the <i>Summary of 2022 Consumer Rights Protection Work and 2023 Consumer Rights Protection Work Plan</i>, and the <i>Work Status of the First Half of 2023 Consumer Rights Protection</i>. It supervised and guided the Bank's consumer rights protection review and operation mechanism, complaint reduction measures and other efforts, constantly improving the quality and effectiveness of the Bank's consumer rights protection work.</p>

### Conflicts of Interest

The Bank put into place a mature mechanism for avoiding and controlling interest conflicts. The Articles of Association state that if any director of the Bank or their contacts has a stake in the matters subject to the Board resolution, they shall recuse themselves from the deliberation process. They cannot exercise voting rights, vote on behalf of other directors, or be counted in the quorum of the meeting concerned (unless otherwise specified by laws, administrative regulations and pertinent stipulations made by securities regulation authorities in the place of listing).

During 2023, there were no instances of conflicts of interest among the Board of Directors members of the Bank. Should such conflicts arise, the Bank complied with the

disclosure requirements by specifying the exact number of votes cast in favour, against, or abstained during the deliberation and voting process of proposals at the meetings. Moreover, The Bank provided a clear explanation for any dissenting or abstaining votes from the relevant directors, outlining the reasons behind their decisions.

### **Duty Performance of the Board of Supervisors**

In 2023, the Bank held 15 meetings of the Board of Supervisors, where 22 proposals were deliberated and 77 reports were listened to.

The Board of Supervisors paid close attention to ESG-related work. In 2023, it further sorted out and refined the statutory supervision matters, formed the *List of Supervision of the Board of Supervisors of China CITIC Bank (Version 5.0, 2023)*, and carried out supervision in six aspects: strategy, finance and equity, internal control and compliance, risk management, performance evaluation, and information disclosure. It includes many material ESG issues such as internal control and compliance, related party transactions, anti-money laundering, consumer rights protection, performance evaluation of directors, supervisors and senior management, and corporate social responsibility. In 2023, the Board of Supervisors deliberated the Bank's *2022 Annual Report, 2022 Sustainability Report* and *2023 Semi-annual Report*. The members of the Board of Supervisors attended all meetings of the Board of Directors as non-voting attendees throughout the year, focusing on the performance of the Board of Directors and senior management in serving and supporting the real economy, consumer rights protection, information technology governance and other aspects, and put forward specific opinions and suggestions.

As for the performance evaluation in 2023, the Board of Supervisors conducted a performance evaluation on the Board of Directors, senior management and their members, which involved whether the directors and senior management could adhere to high standards of professional ethics, had a good character, reputation and compliance record; and whether they could perform their duties independently to promote the Bank's fair treatment of all shareholders, the protection of legitimate rights and interests of stakeholders, and the fulfilment of corporate social responsibilities, etc.

### **Performance Training Events**

In 2023, the Bank organized directors and supervisors to participate in a series of special training events for directors and supervisors of listed companies organized by the Beijing Association for Public Companies. The third session of the 2023 training was a special training on ESG reporting for listed companies. It included the development trend and essence of ESG (green governance), analysis of ESG (green governance) disclosure of A-share listed companies, ESG (green governance) evaluation and disclosure improvement measures, etc., which further enhanced the ability of directors and supervisors of the Bank to perform their duties in ESG.

#### **2.1.3 Performance Evaluation**

The Bank established a relatively complete clawback and rebate policy for performance-based pay and a performance evaluation mechanism, to continuously strengthen the supervision and management of the Board of Directors and senior management by linking remuneration to sustainable development performance.

#### **Clawback and Rebate Policy for Performance-based Pay**

In order to further improve the remuneration incentive and restraint mechanism, strengthen the internal governance mechanism and risk disposal mechanism, and enhance the management of risk-responsible persons, the Bank formulated the *Management Measures for Clawbacks and Rebates of Performance-based Pay* in accordance with the *Regulatory Guidelines for Sound Remuneration of Commercial Banks*. These measures apply to the Bank and its subsidiaries at all levels and cover all senior management members, directors, and supervisors who receive performance-based pay from the Bank. For those who violate regulations or are derelict in their duties, part or all performance-based pay for the corresponding period will be refunded and deducted according to accountability decisions.

**Management structure:** The Human Resources Department of the Head Office is the lead department for clawback and rebate of performance-based pay, and the Risk Management Department, Accounting, Asset and Liability Department, Internal Control and Compliance Department, etc. of the Head Office are responsible for the implementation of related matters according to their respective responsibilities.

**Policy requirements:** The Bank enforces a clawback and rebate policy for specified personnel, allowing the Bank to recover part or all their performance-based pay if their obvious negligence or failure to fulfil the obligation of prudent management results in extraordinary exposure to risks within their scope of responsibility. In addition, the Bank may recover part or all the performance-based pay of any persons liable for violations of laws, regulations and disciplines.

**Implementation procedure:** For the circumstances that trigger the clawback and rebate of performance-based pay, the Bank will carry out the clawback and rebate of performance-based pay for the responsible person according to accountability decisions. Such performance-based pay includes monthly or annual performance-based pay and outstanding deferred performance-based pay.

### **Sustainability-linked Remuneration**

The Bank focuses on improving the ESG-related performance evaluation mechanism of the Board of Directors, the Board of Supervisors, senior management and their members, pegging the performance evaluation results with the remuneration of independent directors and external supervisors, as well as the performance appraisal of senior managers, and continuously strengthening the supervision and management of relevant corporate governance entities and their members.

The Bank set up quantitative and qualitative indicators related to sustainable development in the performance evaluation indicators. In terms of a quantitative assessment of sustainable development, indicators related to sustainable development such as optimizing the ecological environment, performing social responsibility, and strengthening risk management were set, involving green finance, inclusive finance, rural revitalisation, consumer rights protection, case prevention and control, and anti-money laundering. In terms of qualitative assessment of sustainable development, indicators such as “safeguarding the legitimate rights and interests of stakeholders”, “complying with high standards of professional ethics”, and “fulfilling the obligations of integrity, loyalty and diligence” were established. By continuously improving the mechanism for setting and evaluating sustainable development indicators in the performance evaluation of directors, supervisors, and senior managers, the Bank has ensured the effective implementation of its

remuneration incentives and restraints.

#### **2.1.4 Protecting Shareholders' Rights and Interests**

We attached great importance to safeguarding the legitimate rights and interests of shareholders, held Shareholders' General Meetings in accordance with laws and regulations, regulatory requirements and relevant provisions of the Bank's Articles of Association, and ensured that shareholders could exercise relevant rights and participate in voting at Shareholders' General Meeting under laws. We strictly adhered to the policy of equal rights for the same type of shares for common shares, and clearly stipulated that ordinary shareholders should exercise their voting rights in the Shareholders' General Meeting based on the number of voting shares they represent and that the shareholders should have one vote for every share.

We attached particular importance to the protection of the legitimate rights and interests of minority shareholders and counted the votes of minority investors separately when the Shareholders' General Meeting deliberated on major events that affect the interests of minority investors. In order to fully protect the interests of all shareholders of the Bank, we formulated the implementation rules of the cumulative voting system, which applies when the Shareholders' General Meeting elected more than two directors or supervisors at the same time. In 2023, the Bank held 3 Shareholders' General Meetings, 2 A-share class Shareholders' General Meetings, and 2 H-share class Shareholders' General Meetings, all convened by the Board of Directors. At the meetings, all present shareholders exercised their voting rights in strict accordance with regulatory requirements and the provisions of the Articles of Association. Resolutions were made in a fair and open manner. The directors and supervisors attended all Shareholders' General Meetings and certain class Shareholders' General Meetings as non-voting attendees.

#### **Results Announcements**

In 2023, we held the 2022 Annual Results Announcement, the 2023 Semi-annual Results Announcement and the 2023 Third-quarter Results Briefing. Our senior management attended these announcements, providing investors with an in-depth introduction to the Bank's operations and future development ideas, and actively responding to the concerns of the capital market. We fully protected the rights and interests of all investors by announcing the meeting links in advance and collecting questions. The annual and semi-annual results announcements were held in the form of "live video streaming + live meeting", which were watched by more than 10,000 people per announcement. The Q&A transcripts and videos were released on the Bank's official website and other third-party platforms immediately after the meeting. The Bank was granted the honour of "Best Practice in Results Release for the Annual Report" by China Association for Public Companies.

#### **Daily Communication**

In 2023, we conducted more than 100 investor exchange activities by performing roadshows, receiving routine surveys and participating in brokers' strategy meetings, etc. We responded to investors' concerns in a timely manner through investor relations hotlines, emails and SSE E-interactive. We continued to educate investors on the Bank's strategic priorities and business performance to guide their perception of the Bank's performance and build market recognition of the Bank's investment value. We actively participated in

the 6th Investor Rights Knowledge Competition titled “Shareholders Are Here”, helping to raise awareness among investors about their rights and interests through entertainment.

### **Information Disclosure**

During the reporting period, under laws and regulations, the Bank published more than 400 periodic reports, interim announcements and other documents at the SSE and the Stock Exchange of Hong Kong Limited, totalling over 4 million characters, based on the principles of truthfulness, accuracy, completeness, timeliness and fairness and guided by the information needs of investors. Meanwhile, the Bank continued to optimize the framework and content of the periodic report according to the hot topics of the capital market. In the periodic reports, the Bank displayed its strategy implementation and differentiated competitive advantages from multiple perspectives, providing investors with timely, adequate and effective information and effectively safeguarding investors’ right to know. By the end of 2023, the Bank was evaluated A for information disclosure of listed companies by the SSE for seven consecutive years, reflecting the recognition of regulators for its work achievement.

## **2.2 Comprehensive Risk Management**

The Bank continued to improve the risk management system, clarified the responsibilities of the “three lines of defence” at all levels, consolidated risk management responsibilities, and took multiple measures to prevent systemic risks. The Bank integrated ESG-related risks into the entire credit granting procedure, formulated credit granting policies and industry-specific review and approval standards of 2023, provided clear operational guidance for various industries, and helped funds flow to areas that had a positive impact on sustainable development.

### **2.2.1 Building of the Risk Management System**

The Board of Directors of the Bank assumed ultimate responsibility for the Bank’s risk management. The Risk Management Committee, as authorized by the Board of Directors, performed part of the responsibilities for comprehensive risk management. The Board of Supervisors undertook the supervisory responsibility for comprehensive risk management and supervised and inspected the duty performance of the Board of Directors and the senior management in risk management, and supervised the remediation. The senior management assumed the implementation responsibility for comprehensive risk management and executed the resolutions of the Board of Directors.

In line with the regulatory requirements, the Bank established a framework of policies and systems covering all kinds of main risks to satisfy its business development strategies, risk appetite and needs of risk management, guide and restrain risk management activities, and provide effective supportive mechanisms to ensure execution of policies and systems. The Bank put into place standardized and professional processes for developing risk management policies and systems, and solicited the opinions of internal institutions and external experts for the drafting and revision of the policies and systems. In addition, the Bank regularly reviewed and revised the risk management policies and systems at all levels, and ensured the effective connection between the old and new policies to make the policies and systems more accurate, feasible and operable.

The Bank set up “three lines of defence” for risk management. Business operation



institutions at all levels and business management departments at the Head Office and branches were the first line of defence, assuming corresponding direct responsibility for risk management. Risk management departments at all levels constituted the second line of defence, responsible for developing policies and processes and monitoring and managing risks. Specifically, the Risk Management Department of the Head Office led the work in comprehensive risk management, including routine management of comprehensive risks and building of the comprehensive risk management system. The Audit Department and the Disciplinary Inspection Office were the third line of defence, with the Audit Department being responsible for auditing the duty performance by the first and second lines of defence and the Disciplinary Inspection Office responsible for holding relevant responsible persons accountable. The three lines of defence jointly undertook risk management responsibilities and were accountable for the results of risk management.

For more information about the Bank's risk management, please refer to our *2023 Annual Report*.

## **2.2.2 Fully Integrating ESG Risk into Business Management**

### **Coverage**

The Bank integrated ESG risk assessment activities into its credit business and bond underwriting business processes.

#### **2.2.2.1 Credit Business**

##### **Risk Category**

The Bank formulated the *Measures for Categorised Management of Environmental and Social Risks of China CITIC Bank Corporation Limited*, which defines the environmental and social risk classification standards for credit customers and the relevant procedure of credit business. According to the severity of the impact of customers' business activities on the environment and society, customers were divided into A, B and C classes. Among them, Class A customers refer to customers with a great impact on the environment and society and the consequences are difficult to eliminate, Class B customers refer to customers with a certain impact on the environment and society and the consequences can be eliminated through mitigation measures, and Class C customers refer to customers with no severe impact on the environment and society. The Bank carried out differentiated management for these three classes of customers and implemented stricter pre-lending review and post-lending management standards for Class A and Class B customers. It conducted post-loan on-site inspections for Class B customers at least once a year and for Class A customers at least every six months.

##### **ESG Due Diligence**

**Identifying ESG risks:** In the pre-credit due diligence, customer due diligence of environmental and social risk was incorporated into the pre-credit investigation. According to the industry and regional characteristics of the customer and its project, the content of its environmental and social risk due diligence was clearly defined, including but not limited to pollution prevention and control, labor and working conditions, and the customer's environmental and social risk assessment and management system, etc.

**Assessing ESG risks:** In the review and approval process, customers' environmental

and social risks were taken as an important part of the review and approval, including but not limited to compliance with industrial policies, project approval, and review and filing status, and environmental impact assessment. The reviewer shall issue clear examination opinions on the customer's environmental and social risks. Those that do not meet the relevant regulations on access criteria, and environmental and social risk management were not allowed to enter the approval process.

**Reviewing ESG risks:** In the process of credit use review, customers' management status of environmental and social risks was taken as an important basis for credit use review. If customers were found to have major risks during the credit use review, the credit use can be suspended or terminated.

**Tracking ESG risks:** In the post-credit management process, targeted post-lending management measures were developed and implemented for customers with potential material environmental and social risks, focusing on inspecting the implementation of customer environmental and social risk management systems and risk response plans. The environmental and social risks of credit customers were included in the risk early warning mechanism, and relevant risk disposal measures were taken in time when material environmental and social risk events occurred.

In 2023, to further promote the integration of ESG management and the risk control system, the Bank developed and distributed the *Main Indicators for the Environmental, Social and Governance (ESG) of China CITIC Bank (Version 1.0, 2023)*, which includes seventeen material ESG indicators in three categories: environmental, social and governance, focusing on enterprise energy management, pollution emissions, green industries, safety and quality, and equity governance in the review and approval process; the evaluation results of indicators are an integral part of the credit review for customers in mining, manufacturing, and production and supply industries of electricity, heat, gas and water, and are used to strengthen the ESG risk screening of credit customers and improve the capacity of ESG risk management.

### **Risk escalation triggers and escalation risk management**

The factors that trigger risk escalation management during the Bank's ESG due diligence includes rating changes, pollution emissions, safety and quality issues, and shareholders' and senior managers' violations, administrative penalties, abnormal pledge of shares, etc., specifically including:

- Being determined as a key pollutant discharge company according to the *Measures for the Management of the List of Key Entities for Environmental Supervision* or the official website of the local environmental protection department,
- Being imposed penalties related to pollution discharge within 3 years;
- Causing production accidents within 3 years;
- Receiving complaints involving the quality, health and safety impact of products and services that have been substantiated within 3 years;
- Subject to adjustment of ESG classification results as required by supervision and audit authorities, or significant changes in ESG risk rating results of customers;
- Other negative events, such as share reduction, abnormal share pledges,

administrative penalties, senior managers' violations of laws, affiliated enterprises and other issues.

When the above risk escalation factors are triggered, the Bank will further check the abnormal situation through supplementary investigation and improve risk prevention and control efforts. Under an "one ballot veto system for environmental protection projects", for clients with higher environmental and climate impact risks, the Bank shall stipulate in their pre-credit granting prerequisites that they must meet explicit environmental compliance standards. In the case of loans already granted, tailored measures include increasing the frequency of post-loan inspections and, when necessary, promptly halting further credit extensions, will be taken.

### Continuous Tracking of ESG Performance of Credit Customers by the Taiyuan Branch

#### Case

A chemical technology company in Linfen, Shanxi Province, whose main business is to use coke oven gas (COG) and Linz-Donawitz converter gas (LDG) to produce ethylene glycol and co-produce LNG, was granted green credit because of the resource utilization of waste gas in the production process. During the due diligence before granting credit, the Taiyuan Branch found that the company had accepted environmental administrative punishment, so it imposed a new drawdown condition "checking the information of environmental penalties before credit use; if there are environmental penalties, remediation materials and third-party testing reports (if any) shall be collected". Moreover, the Taiyuan Branch strengthened the post-lending inspection of the company. The customer manager learned about the environmental protection situation of the company by inquiring about third-party information every month, and tracked the environmental protection situation of the company by on-site inspection every quarter, continuously tracking its ESG performance and strengthening the ESG risk management of the credit customer.

#### 2.2.2.2 Bond Underwriting Business

For bond underwriting business, based on strictly following the risk management requirements of the regulatory authorities and the provisions of the *Guide of China CITIC Bank for Due Diligence for Underwriting Business of Debt Financing Instruments*, the Bank comprehensively evaluated the various risks faced by issuers such as industrial policies, safety in production and environmental protection, and timely disclosed the information to bond investors before issuance and during project duration. Project applications that failed to meet the industrial policies, safety in production policies, environmental protection policies and other regulatory requirements were not accepted.

- For the main business of issuers, the Bank mainly examined the issuers' information on safety in production and environmental protection and conducted special due diligence for some industries of overcapacity;
- For project financing, the Bank focused on the projects' development plans and status and approval results for land, environmental protection and project initiation, and comprehensively investigated and analyzed whether the use of the raised funds violated national macro-control policies and industrial policy requirements.

### 2.2.2.3 Development of ESG Rating System for Corporate Customers

In 2023, the Bank independently developed and designed a dynamic and customizable ESG rating system for corporate customers by applying cutting-edge technologies such as artificial intelligence and blockchain. The development and release of the ESG rating system provided a new perspective of information support for the Bank's risk management and business approval. The rating system considers both international standards and Chinese characteristics and covers key ESG capability indicators such as natural resource management, green product opportunities, green supply chain, human resource management, and risk control and compliance. ESG ratings can be automatically generated by the system and dynamically adjusted based on the latest positive and negative information. The Bank's ESG rating system was awarded the 10th Golden Pine Award for Technological Innovation Achievement in 2023.

### 2.2.3 Credit Policies for Key Industries

The *Credit Policies of China CITIC Bank in 2023* clarified the credit orientation in sectors such as agriculture, energy, mining, exploitation of oil and natural gas, biodiversity, etc.

**Credit Policies for Agriculture:** The Bank actively supported the construction of functional zones for grain production with advantages in size, major agricultural protective areas advantageous in industrial integration, and characteristic agricultural industrial parks. It also supported the construction of water conservancy facilities for large and medium-sized irrigation channels and large-scale modern facility agriculture projects, and large animal husbandry enterprises that reach environmental protection standards, and put in place a complete set of epidemic disease prevention and quality inspection and assurance systems. **It firmly exited from agricultural production projects that damaged the environment or were prohibited or not approved by the country.**

**Credit Policies for Energy:** Major support was offered to clean energy projects of large central power enterprises and local energy groups with state-owned assets. The Bank supported the building of urban and rural distribution networks and smart upgrading plans for higher energy transmission and distribution efficiency to advance the upgrading of the rural power grid. It also supported large energy groups in the construction of thermal power units and coal-electricity integration projects and **planned the orderly withdrawal of projects with backward coal-electricity production capacity.**

**Credit Policies for Exploitation of Oil and Natural Gas and Mining:** The Bank supported the efficient clean utilization of oil, natural gas and other conventional fossil energy, and selectively supported development projects of non-conventional oil and gas resources such as shale gas. It selected customers in the mining industry that met the national industrial upgrading strategy and energy conservation and environmental protection requirements, and had advantages in operating the entire industry chain. Support was also offered to producers of key nonferrous metal materials in support for emerging technologies, artificial intelligence, etc. Meanwhile, **it strictly controlled the new credit granted to the ferrous metal mining and dressing industry.**

The Bank supported the green transformation of the coal industry and the demand for energy security supply, and increased support for the application of clean coal manufacturing and clean combustion technology. **It timely exited from the coal**

**enterprises with poor resources, potential environmental and safety risks, and excessive financing.**

**Biodiversity protection:** The Bank supported energy-saving, pollution reduction, carbon reduction, green enhancement, and disaster prevention in key industries and sectors, implementation of clean production, and promotion of green and low-carbon technologies. Additionally, the Bank supported the development of ecosystem carbon sinks and carbon sequestration, actively participating in major projects for biodiversity conservation.

### 2.2.4 Supervision and Review of ESG Risks

The Credit Approval Committee, chaired by the Vice President, was set up under the senior management of the Bank to review the entire credit and non-credit businesses. During the project review, the Credit Approval Committee took into full consideration customers' impact and relevant risks regarding social, environmental and governance risks.

- **Environmental and climate risks:** In the assessment of specific projects, full consideration was given to customers' production processes, energy consumption, pollutant discharge, and the impact of production and operation on the ecological environment and biodiversity, and adhered to the "one ballot veto system for environmental protection projects".

- **Compliance risk:** Factors to take into full consideration included whether customers' production and operation conformed to national policies, regulatory requirements, and industrial systems, whether the results of their environmental impact assessment were up to standards, whether their compliance procedures were complete, etc.

- **Technology risk:** For production-oriented enterprises, their technological and R&D advantages and the technical iteration risk, possible patent disputes, and technology sanction risk were considered.

- **Supply chain risk:** Principal upstream and downstream enterprises, contracts & orders, concentration levels within the supply chain, as well as the availability of upstream and downstream channels.

- **Staff safety risk:** Punishment and major changes of the Senior Management, layoff of employees, etc. were taken into consideration.

- Reputation risk, operational risk, etc.

### 2.3 Adherence to the Bottom Line of Compliance

The Bank strictly abided by the compliance requirements of national laws and regulations and regulatory authorities, improved the long-term compliance and internal control mechanism, and continuously deepened the philosophy of compliant operations, providing a solid guarantee for the high-quality development of the Bank.

The Board of Directors of the Bank was ultimately responsible for the compliance of the Bank's business activities. It was responsible for reviewing and approving the Bank's compliance policies and money laundering risk management strategies, regularly listening to reports on internal control and compliance and anti-money laundering work, supervising and guiding the construction and implementation of the internal control and compliance management system across the Bank, and promoting the integration of compliance

concepts into business operations and management. The senior management developed and promoted the effective implementation of compliance policies, continuously supervised the internal departments, domestic and overseas branches and subsidiaries to adhere to the philosophy of compliant operations, strictly implemented the requirements of laws, regulations and regulatory policies, strengthened the identification, evaluation and control of compliance risks and money laundering risks, and continuously improved the Bank's capacity and performance in internal control and compliance management.

### 2.3.1 Building of Compliance Culture

The Bank acted on the requirements of the Three-Year (2021-2023) Development Plan of CITIC Group on compliance culture to finish “cultivating, building and deepening” compliance culture in three years. It put into place the “training, test, lecture tour, warning” four-pronged compliance culture promotion system to deeply cultivate a compliance culture atmosphere of “self-correction and strict compliance with moral standards” and to promote the deep integration of compliance concepts and operational management and high-quality development of the Bank.

It carried out the compliance culture development in a normalized way, organized the risk compliance culture activities for eight successive years, and systemically promoted the compliance culture development such as the promotion of compliance concepts, early warning of typical cases and policy and system training events, so as to cultivate a good compliance ecology. In 2023, the Bank carried out annual cultural activities with the theme of “leadership under the senior management, driven at the middle level, based on the grassroots”, including 16 tasks in 4 aspects: leadership of senior management, the action of business lines, in-depth due diligence and special remediation. It deepened compliance culture and continued to leverage compliance culture as a cornerstone in education and practice. Leading cadres at all levels were organized to talk about compliance and cases, allowing cadres to guide and line departments to take initiative. Throughout the year, over 11,000 warning education sessions were conducted at all levels, reaching more than 53,000 individuals and increasing compliance awareness among all staff. The Bank combined inspection and remediation efforts. It carried out special inspections on personal loans and tripartite cooperation, outsourcing business, money laundering and sanctions risk business, as well as consumer protection complaint management, case prevention and security protection, integrating the compliance culture into corporate governance, development strategy, business operations and all other aspects.

#### Fostering Compliance Awareness through a Series of Compliance Culture Promotion Activities at the Xiamen Branch

Case

In 2023, the Xiamen Branch carried out the compliance culture promotion activity with the theme of “Compliance 365 to Protect All of Us”. By sorting out criminal laws and regulations, internal and external rules and regulations, and typical criminal cases and other materials, the Bank prepared and issued the *Staff Conduct Manual of Xiamen Branch China CITIC Bank*, *Overview of Financial Crime Investigation and Sentencing Standards* and *Interpretation of Typical Cases of Criminal Cases*. The Branch guided employees to take the cases as a mirror and abide by the law. The secretary of the Party Committee of the Xiamen Branch issued the *Proposal on Case Prevention and Compliance of the Xiamen Branch of China CITIC Bank*, and all

employees signed the *Case Prevention and Control Responsibility Letter*, thus strengthening the sense of responsibility and mission of all cadres and employees in case prevention and control, and making the compliance concept deeply rooted in people's minds.

### **“Hangqing Cup” Internal Control and Compliance Quiz at Changsha Branch**

Case

In order to implement the work requirements of the “Compliance Culture Year” and continue to strengthen employees' awareness of risk compliance, in November 2023, the Changsha Branch launched the “Hangqing Cup” Internal Control and Compliance Quiz. The questions involved various fields of internal control and compliance, such as compliance, security protection, finance and accounting, consumer rights protection, and operations. The quiz tested the participants' mastery of internal control and compliance knowledge. It sparked a learning boom focused on compliance, discipline, and holding the bottom line. Through these characteristics and learning campaigns, Changsha Branch helped employees consolidate the bottom-line thinking, improve the understanding of compliance culture, and develop the concept of compliance culture.

## **2.3.2 Employee Conduct Management**

### **Organizational Structure**

The Board of Directors of the Bank assumed ultimate responsibility for the employee conduct management and promoted implementation of the management; the Board of Supervisors supervised and evaluated the performance of the Board of Directors and the senior management in employee conduct management; the senior management was responsible for implementing employee conduct management and executed resolutions of the Board of Directors. The Compliance Department of the Bank led the work in employee conduct management of the entire Bank and was responsible for coordinating, supervising, and guiding the management; the management departments of business lines assumed the management responsibilities for the conduct of the employees of this line and were responsible for organizing and implementing continuous monitoring, identification, records, processing, reporting and assessment of the risks in the conduct of the employees within the jurisdiction; chief leaders of the branches and subsidiaries were the persons of primary responsibility for employee conduct management under their management.

### **Institutional System**

The Bank established a comprehensive institutional system for employee conduct management, and formulated the *Code of Conduct of China CITIC Bank for Employees*, the *Interim Measures of China CITIC Bank for Grid Management of Employees' Deviant Conduct*, the *Detailed Rules of China CITIC Bank for the Prohibited Conduct of Employees*, and the *Measures of China CITIC Bank for Handling of Employee Misconduct* to specify the management requirements for employee conduct. For more information, please refer to the ESG section under “Information Disclosure - Rules and Regulations”

on the Bank's official website (<http://www.citicbank.com/>).

In 2023, to further strengthen the management of employee conduct, the Bank released the *Measures on Further Strengthening the Management of Employee Conduct to Prevent Case Risks*, proposing 16 targeted management measures from five aspects: conduct management mechanism, daily management of business conduct, whole-process management of employee conduct, conduct risk monitoring, post-case disposal and governance, to continuously strengthen integrated management of employee conduct. The *Guidelines on Strengthening the Conduct Management of Outsourcing Personnel* were issued to clarify the management responsibilities of the “project initiation department, management department and employing institution”, and strengthen the conduct supervision and business supervision of outsourcing personnel.

### Training and Promotion

The Bank established a systematic compliance training system and examination mechanism. According to the requirements of external supervision and internal management, the Bank carried out various compliance training for all employees, and organized all employees to take compliance exams. Regulatory updates, policy interpretation, experience sharing, etc. were pushed to the whole Bank through online channels such as WeChat official account and 5C platform, effectively combining the compliance training events and daily work and further consolidating the foundation of compliance management.

Trainee	Frequency	Main Content
Entire staff	Irregular	Key compliance requirements of the Bank and typical conduct in violation
Employees of the compliance line	Once or twice a year	Important work requirements and advanced experience in review, authorization, accountability, rectification, case prevention, anti-money laundering, etc.
Personnel of all the business lines	Twice a year	Business compliance and employee conduct management
Newly recruited, transferred and promoted employees	Monthly	Business knowledge, internal control and compliance, anti-money laundering, employee conduct management and other basic requirements, as well as compliance culture concepts

### Abnormal Conduct Inspection and Monitoring

The Bank comprehensively promoted the grid management mechanism, and built the grid-based supervision management framework for employee conduct in combination with the “seven horizontal and seven vertical” grids, which effectively promoted thoroughly monitoring rule-violating conduct in a timely way. The risk inspection of key areas such



as credit and wealth management and key personnel such as account managers and wealth advisers was carried out continuously. The Bank independently developed an internal control compliance integration platform, developed an off-site monitoring model, conducted monitoring on abnormal transactions, and continuously enhanced the technology empowerment of systems, so as to improve the quality and efficiency of inspection of employee conduct. The Bank promoted the working mechanism of “three inspections and four visits”, and carried out supervision and management of employee handling enterprises, criminal case and litigation involvement, and improper capital transactions with customers, so as to inspect potential case risks.

<b>Multiple Measures to Promote the Management of Employee Conduct at the Nanning Branch</b>	<b>Case</b>
<p>In 2023, the Nanning Branch comprehensively promoted grid management, uniformly printed and distributed the <i>Grid Management Conversation Records</i>, and clarified the “Six Must Talks”. It strengthened conduct management and business management and promoted the “dual management” of management grids and business domains. Nanning Branch carried out special inspections and remediation for key personnel and key areas of case prevention to strengthen the inspection of abnormal conduct. Through the use of monitoring and early warning models, the operational risks and case risks were strictly prevented. In 2023, Nanning Branch conducted “credit checks”, “industrial and commercial checks” and “judicial checks” on all employees. In addition, the Compliance Department of the Nanning Branch carried out 12 unannounced inspections in cooperation with relevant lines to achieve full inspection coverage of tier-two branches. Operating institutions carried out surprise inspections every month. By the end of 2023, a total of 204 surprise self-inspections had been completed, fully covering all institutions. Through the above measures, the Nanning Branch achieved strict prevention and control of abnormal conduct and comprehensively improved the effectiveness of internal control.</p>	

### **Audit of employee conduct**

The Bank drew up the *Measures of China CITIC Bank for Anti-Fraud Audit and Management* to continuously standardize and enhance audit and supervision over employees’ conduct. The Bank carried out a comprehensive audit and economic responsibility audit every year, and the audit of all branches and subsidiaries was achieved every three years. The abnormal conduct of employees identified in the comprehensive audit and economic responsibility audit was included in the scope of the inspection. In 2023, the Bank’s audit team closely monitored and analyzed employee abnormal conduct behind abnormal business operations, and continuously monitored and analyzed employee abnormal behavior in traditional critical areas, important positions, and critical steps such as credit admission, credit approval, asset disposal, centralized procurement, and salary expenses.

### **2.3.3 Anti-money Laundering**

#### **Institutional Building**

The Bank abided by the *Anti-Money Laundering Law of the People’s Republic of*

China, the *Administrative Measures for Anti-Money Laundering and Counter-terrorist Financing of Financial Institutions in the Banking Sector*, the *Guidelines for the Management of Money Laundering and Terrorist Financing Risks for Corporate Financial Institutions (for Trial Implementation)*, and other AML laws and regulatory requirements. It put into place the three-pronged AML internal control system of “top-level policies + special policies + line-specific policies”. In addition, the Bank carried out the internalization of external regulations in a timely manner according to regulatory requirements, and reviewed and revised the AML internal control policies. During the reporting period, the *Working Policy for Anti-money Laundering Leading Group of the Head Office of China CITIC Bank* was revised and issued, and the frequency and procedure of meetings were optimized and standardized.

### **System Building**

The Bank established an AML management framework with sound organization, a complete structure, and clear responsibilities, and included money laundering risk into the comprehensive risk management system.

The Board of Directors, the Board of Supervisors, and the senior management of the Bank undertook ultimate, supervisory and implementation responsibility for AML management respectively. The Board of Directors authorized its Audit and Related Party Transactions Control Committee and the Risk Management Committee to perform part of the responsibilities for AML internal control and money laundering risk management and authorized the President of the Head Office to take charge of the AML work of the whole Bank. It set up the AML leading group, headed by the President, to coordinate and promote the AML work of the Bank.

The Bank set up three defence lines of AML management. The business management departments at various levels, as the first defence line, focused on identification, evaluation and control and were directly responsible for AML management; the Compliance Department and the Risk Management Department, as the second defence line, were responsible for monitoring and reporting; the Audit Department and the Disciplinary Inspection Office, as the third defence line, focused on inspection, supervision over remediation, and verification. The three defence lines constituted the whole-process AML performance system. The subsidiaries executed the Bank’s unified AML requirements and followed the principle of whichever is the strictest to establish AML internal control and management system compatible with their own risk conditions.

### **AML Training Events**

The Bank strived to raise AML awareness of all employees and kept improving the sense and capability of duty performance at all levels. It regularly organized AML training events among the Board of Directors, the Board of Supervisors and the senior management to enable them to lead by example. In 2023, the Bank organized all directors, supervisors and senior managers to participate in on-site AML training and online training on the *Interpretation of International Situation and Domestic Policies on Anti Money Laundering*. Meanwhile, the Bank continued to strengthen the compound training mechanism of “systematic on-site training + normal off-site training” and “comprehensive coverage + targeted training”, and carried out special training for AML cadres, full-time personnel, business lines, and new employees by classification. Through AML training before performance of duties, job shadowing, compliance assessments, and other activities,

utilizing methods such as “door-to-door teaching”, “monthly AML learning” and “first-line knowledge cloud”, it helped employees deepen their understanding and grasp of regulatory policies, resulting in continuous improvement of AML capability among personnel at all levels. As of the end of 2023, the Bank organized 1,256 AML training sessions in total.

### Special AML Training at Different Levels at the Chengdu Branch

Case

In 2023, the Chengdu Branch carried out differentiated training for employees of different lines and different levels to improve the effectiveness of AML performance of all staff.

For senior management, departments and operation leaders, the Bank conveyed work requirements of regulatory authorities and the Head Office through the President’s Executive Meeting and AML leading group meetings, organized employees to participate in the “Seminar for Senior Managers of Financial Institutions on Anti-Money Laundering and Anti-Terrorism Financing” of Zhengzhou Institute of the People’s Bank of China, and carried out special training through regular push of training materials and examinations.

For the AML professional and part-time staff of the management department, the Bank organized several internal special training events on customer money laundering risk rating, sanction risk review, supervision and audit inspection, and rectification of problems found, organized employees to participated in special external training events of regulatory authorities including Zhengzhou Institute of the People’s Bank of China and China Banking Association, and continuously provide professional consultation and guidance in daily work exchanges to further enhance the professional level of personnel.

For line personnel of operating institutions, AML training materials were pushed every month, and four issues of case-based learning materials featuring “We are on the Road of Anti-money Laundering” were released. In addition, Chengdu Branch embedded AML content into the compliance exam of the Bank and organized 110 people to participate in the AML training & exam of the China Centre for Financial Training in 2023.

For the newly recruited, transferred and promoted employees (including new employees), the Bank conducted on-the-job learning and examinations and organized special AML training for new employees in March and July.

### Diversified AML Training to Comprehensively Improve Employees’ AML Awareness at CITIC Financial Leasing

Case

CITIC Financial Leasing, a subsidiary of the Bank, attached great importance to AML training, continuously increased resource investment, and established the model of “online training + offline coaching” and “external training + internal training”. It effectively raised the AML awareness among all employees, and

continuously strengthened the consciousness and capability of duty performance of cadres and employees at all levels. From October to December 2023, it organized 130 employees to participate in the online training of Zhengzhou Institute of the People's Bank of China, accounting for 76% of the company's employees and involving all line personnel including senior managers, front-office personnel and approval, compliance and audit personnel. All of them passed the training and examination and obtained the completion certificate. In addition, CITIC Financial Leasing actively organized full-time AML staff to take CAMS (Certified Anti-Money Laundering Specialist) examination courses to encourage employees to master international standards, broaden international horizons, and enrich theoretical knowledge, so as to ensure the effective implementation of the company's AML work.

### AML Publicity

Externally, focusing on issues of public concern such as telecom fraud and illegal fund-raising, the Bank combined AML publicity and consumer rights protection. It prepared social publicity materials on "preventing AI fraud, improving prevention awareness", and "resisting the temptation of high-interest fund-raising, rationally choosing investment channels" and distributed them to branches, so that the Head Office and branches could jointly promote the public's AML awareness.

Internally, the Bank used its intranet, the WeChat official account "CITIC AML", short videos, and other internal platforms to disseminate AML financial knowledge among all employees and share real cases with them. In 2023, more than 120 publicity articles were released, boosting the continuous improvement of AML awareness of the entire Bank.

#### Implementation of "1+N" Localized Publicity Model for Anti-money Laundering at Qingdao Branch

#### Case

In 2023, the Qingdao Branch implemented "1+N" localized publicity model for anti-money laundering. "1" refers to regular publicity activities, and "N" refers to localized publicity of branches. By the end of 2023, Qingdao Branch carried out a total of six thematic publicity activities, one joint publicity campaign with the People's Bank of China Shandong Branch, and AML article contests. It launched the journal with the name of *Anti-money Laundering Work Dynamics*, and carried out six characteristic promotional activities such as "Student Xiaofan" and "entering communities, entering enterprises, entering schools", and publicity activities with the theme of "new creativity, new platform, new integration".

Qingdao Branch established the "Xiaofan Publicity Team", and released the annual training and publicity work to the sub-branches under its control through the enterprise WeChat working group of the Branch. It designed and produced a series of original promotional videos and posters for the "Xiaofan" WeChat Class, and 123 featured promotions throughout the year, including short videos, briefings, and visually engaging posts. In addition, Qingdao Branch conducted publicity activities with the theme of "entering communities, entering enterprises, entering schools" and "new creativity, new platform, new integration", and carried out a total of 186 AML lectures in 2023. Through the innovative publicity model on anti-money laundering,

the Qingdao Branch helped its employees firmly establish the “risk-based” work concept, and enhanced the public AML awareness, achieving good publicity effects.

### 2.3.4 Integrity and Anti-corruption

The Bank strictly followed the *Provisions on the Implementation of the Responsibility System for Improving the Party Conduct and Building Integrity* of the CPC Central Committee and made unswerving efforts to improve the Party conduct, build integrity, and combat corruption. The Secretary of the Party Committee was the person of primary responsibility for the work, and other members of the Party Committee assumed main leadership responsibility within their scope of duty. The Disciplinary Inspection Office performed the responsibility of oversight, discipline enforcement, and accountability and served to fully oversee and support execution to promote and improve development.

The Bank formulated the *Measures of China CITIC Bank for Handling the Violations of Employees* and the *Implementation Measures of the CPC Disciplinary Inspection Committee of China CITIC Bank Corporation Limited for Oversight and Discipline Enforcement*, clarifying the disciplinary acts against employees’ conduct of offering and taking bribes, blackmail, fraud, and money laundering. In order to further regulate the professional conduct of the Bank’s employees and establish a good culture of integrity, the Bank regarded violations of the *Professional Ethics and Code of Conduct of Banking Practitioners* as rule-violating conduct and included them in the *Measures of China CITIC Bank for Handling of Employee Misconduct*. The above provisions apply to all institutions and all employees of the Bank.

For more information about the anti-corruption system, please refer to the ESG section under “Information Disclosure - Rules and Regulations” on the Bank’s official website (<http://www.citicbank.com/>).

In 2023, the Bank concluded 1 corruption lawsuit, and the defendant was sentenced to two years in prison and fined RMB200,000 for corruption acts. After the incident, the Bank actively cooperated with relevant authorities to carry out work, recovered the embezzled funds, and organized warning education and learning activities company-wide as soon as possible, thereby further strengthening risk control, communicating importance of disciplinary compliance with all employees, and achieving the goal of learning from cases and promoting governance through cases.

#### Anti-corruption Training

In 2023, the Bank carried out targeted education and anti-corruption training for cadres and employees at different levels, different categories and different fields. Throughout the year, institutions at all levels conducted more than 11,000 warning education sessions, reaching more than 53,000 people. Specifically, the Bank carried out 2 bank-wide warning education conferences to publicize typical cases of violations of discipline and law and propagated knowledge of discipline and law to all employees through Party organizations at all levels to ensure that training and education learnt by heart. The cadres of the Bank were organized to watch the warning education film *Broken Trust*, take the case as a reference, examine the problems, conduct an in-depth analysis, and promote the rectification of the problems. The Bank also distributed documents about key charges of commercial bank crimes and case warnings to all the managers. It organized

training sessions for division-level cadres of the Head Office, training courses for branch and sub-branch managers, and training courses for new employees in school recruitment and social recruitment. Additionally, it provided 12 lectures on typical cases of common disciplinary, rule or law violations in the banking industry, and sent specialists to Chongqing Branch, Shenyang Branch and other institutions to carry out case publicity, constantly strengthening the bottom line of discipline and law.

The Bank launched several electronic courses such as *Disciplinary Acts Targeting Three Types of Corruption Cases*, the *Rules of China CITIC Bank for the Integrity and Self-discipline of Procurement Personnel*, *Improving Party Conduct*, *Building Integrity*, and *Combating Corruption in the New Era*, *Corruption Crimes in State-Owned Enterprises*, and *Interpretation and Cases: A Deep Analysis of the Rules on Integrity and Self-discipline of the Communist Party of China* at the unified learning platform “e-Enterprise Learning” to all employees in the form of live streaming, online learning, etc. As at the end of 2023, a total of 67,375 person-time throughout the Bank studied online for a total of 97,223 hours.

### **Petition Reports of Clues to Corruption**

The Bank set up a petition report department to take up and manage internal and external tip-offs on all kinds of violations against laws, regulations, and disciplines such as suspected bribery, blackmail, fraud and money laundering by employees of the Bank and made available multiple channels for tip-offs such as letters, phone calls, visits, and emails. Once the violations were proven factual after investigation, related departments would hold the units or individuals in violations of laws and regulations accountable as their management authority allowed, and transfer those suspected of crimes to judicial authority by law.

### **Protection of Informants**

The Bank has implemented an ironclad confidentiality system that stringently protects the anonymity and the sensitive content of informant reports. This system not only prohibits any form of retaliation against informants or their family members but also actively cracks down on any infringement upon their rights. In doing so, it diligently safeguards the informants' legitimate rights and interests. The Disciplinary Inspection Office of the Bank has established dedicated divisions for case supervision and management as well as a specialized unit for handling petitions. They have filled these roles with full-time personnel specifically tasked with managing and coordinating petition work, clues management, and investigative processes. This integrated framework fosters mutual collaboration and checks and balances between these functions, thereby further enhancing the protection of informants' rights and ensuring their due interests are maintained.

For more policies related to the protection of informants, please refer to the ESG section under “Information Disclosure - Rules and Regulations” on the Bank's official website (<http://www.citicbank.com/>).

## **2.4 Intellectual property protection**

In accordance with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of*

China, and other intellectual property-related laws and regulations, the Bank formulated the *Management Measures of China CITIC Bank for Intellectual Property (2.0 version, 2022)* and the *Work Program of China CITIC Bank for Scientific and Technological Intellectual Property*. The Bank actively applied for and protected patents and copyrights, combined the application for registered trademarks and brand protection, continued our efforts in monitoring trademarks and trademark opposition, and effectively prevented more than 30 trademarks similar to the Bank's trademarks from being registered. Meanwhile, we encouraged employees to report in time the discovered suspected infringement of the Bank's intellectual property after immediately taking necessary measures to keep evidence.

In 2023, we organized training related to intellectual property protection with the theme of "Protection and Incentives of Patents for Innovation", and "Intellectual Property and IPO on the STAR Market", and carried out training and publicity on topics such as mutual promotion of technological innovation and intellectual property, and risk prevention of intellectual property infringement, to further enhance employees' awareness of intellectual property protection. The number of patents in the Bank continued to grow. As of the end of 2023, the Bank had 168 patents, including 113 patents for invention, 2 utility model patents, and 53 industrial design patents.

### **Brand Management and Publicity**

The Bank strictly abided by the *Advertising Law of the People's Republic of China* and other laws and regulations, and effectively strengthened brand management, news release, publicity and brand protection. With the establishment of a number of management mechanisms covering brand management, advertising placement, news release and publicity, reputational risk management, publicity media management, and internal publicity, the Bank formulated brand communication plans and continuously improved brand, business, product and service management. It strictly reviewed the external publicity, strengthened the management of the use of brand VI, advertising placement, information release and other aspects, defined the procedures and standards, enhanced the brand communication efforts, and improved the brand image.

In 2023, in order to further consolidate and deepen the achievements of the brand change program, the Bank developed the 2023 brand communication plan for the first time based on the new brand premise "the more we care, the more you gain". By holding the first "China CITIC Bank's Confidence and Innovation Brand High-Quality Development Forum", carrying out the first "Spring Letter" New Year's Eve integrated promotion event, sponsoring the "China Tennis Open" for the 14th consecutive year, launching the new "brand image promotion of video China CITIC Bank" and other initiatives, the Bank boosted brand influence, enhanced brand reputation, and gave back to stakeholders. Moreover, the Bank strengthened the visual image and identity management of the brand, organized the self-inspection and sampling inspections of brand VI (Visual Identity), and constantly improved the standardization of brand use. In February 2023, the Bank ranked 20th on the list of the "Top 500 Global Bank Brands" of the *Banker* magazine in the UK, up 1 place from the previous year, with a brand value of USD12.620 billion.

### **Copyrighted Software**

The Bank attached great importance to the use of copyrighted software, formulated the *Management Measures of China CITIC Bank for Outsourced and Copyrighted Software*, strengthened the Bank's copyrighted software management through supervision

and inspection, and ensured standardized, regular and information-based management of copyrighted software. It independently developed terminal security control tools to proactively discover and restrict the use of blacklist software and ensure that all used software was legally authorized. Software asset management was enhanced and software records were updated and maintained to ensure completeness and accuracy of software asset data. Training and online courses were carried out for the publicity of copyrighted software for all employees. As of the end of 2023, over 54,000 person-times had completed the course, and the concept of copyrighted software had become widely popular.

## 2.5 Cultivation of corporate culture

The Bank has established six cultural tenets: Perseverance, Responsibility, Collaboration, Agility, Execution, and Pragmatism. Throughout 2023, the Bank has consistently strengthened the cultivation of these "Six Cultural Tenets", integrating their principles into various activities such as 'Three Sessions and One Class', themed Party Days, youth theoretical study sessions, all types of meetings, employee training programs, and union youth cultural activities, thereby continuously enhancing the recognition and understanding of our corporate culture among all employees. The Bank has persistently told and shared stories that embody the unique culture of China CITIC Bank's strivers. Over the year, the Bank collected more than 300 cultural stories from company-wide, and carefully compiled them into the seventh and eighth volumes of 'The Strivers of China CITIC Bank'. Furthermore, the Bank produced the sixth season of the 'China CITIC Bank Story Collection' through which it could use typical stories and deeds to nurture the "Six Cultural Tenets" throughout the entire organization.

### The Xiamen Branch Built "1 + 4 + N" Corporate Culture System

### Case

Xiamen Branch of the Bank solidly carried out cultural and ideological activities, built a "1 + 4 + N"<sup>5</sup> cultural system, and strived to develop the soft power. In 2023, the Xiamen Branch held three corporate culture working group meetings on the cultivation of corporate culture and issued the Plan for Cultivation of Corporate Culture of China CITIC Bank Xiamen Branch in 2023. The Branch organized events where top leadership shared insights on corporate culture, undertook the development of a corporate culture wall, and conducted storytelling activities showcasing the corporate culture experiences of its own staff members. The Xiamen Branch aimed to foster an excellent atmosphere where all employees actively participate in cultural construction, with the aim of strengthening unity and cohesion among staff, externally enhancing the Bank's image, and ultimately empowering the sustainable development of the Branch.

<sup>5</sup> "1" represents Party building leadership; "4" refers to the culture of the sector and team, including four categories: marketing culture, risk culture, compliance culture, and integrity culture; "N" refers to the construction and effectiveness of organizational, execution, and combat capabilities under the cultural items of each sector and team.



## Chapter III Serving the Real Economy and Supporting Economic Development



### 3.1 Supporting the Real Economy

Finance, as the bloodline of the real economy, is born to serve the real economy. The Bank fully implemented decisions, plans and regulatory guidance of the CPC Central Committee and the State Council, and have always been regarding serving the real economy as its starting point and ultimate goal in financial work. The Bank actively integrated itself into the strategies to serve the country, strengthened supply of high-quality financial services, took multiple measures simultaneously to increase support for key areas and weak links of the real economy, and promoted the quality and efficiency of finance services for the real economy to a new level.

#### 3.1.1 Measures Taken to Support the Real Economy

The Bank rigorously implemented the state's decisions and plans in the field of credit, closely followed up relevant industry policy orientation and development strategies, and spared no effort to support development of the real economy by enhancing policy support, optimising resource allocation, increasing credit supply, innovating financial products, etc.

**Policy guidance:** The *Credit Policies of China CITIC Bank in 2023* makes it clear that efforts will be made to push forward the clean and low-carbon transition in industry, construction, transportation, and other sectors; increase medium- and long-term lending to the manufacturing sector, and improve the reserves of and investment in advanced manufacturing, strategic emerging industries and high-quality traditional manufacturing. In addition, the Bank shall prop up the construction of infrastructure such as transportation, water conservancy, and energy, and increase resource input in the fields such as the reduction of pollution and carbon emissions, new energy, new technology, and new industrial clusters; enhance its development of medium and small customer segments, and improve the comprehensive financial services for micro-, small- and medium-sized private enterprises; consolidate and expand achievements in poverty alleviation, increase financial support for rural industries, advance new urbanisation, and facilitate high-quality development of county-level economy.

**Credit review and approval:** The Bank enhanced the flexibility of examination and approval regarding the real economy sectors, opened green channels, continuously carried out studies on green finance and the real economy and built standard systems for examination and approval, and kept tracking the trend and development of advanced industries including new energy, NEVs, new materials and biomedicine. In 2023, it compiled 30 industry research reports, and formulated or updated 3 standards (guidance) of examination and approval for green credit, 9 for strategic emerging manufacturing and 19 for manufacturing.

**Source guarantee:** In terms of resource allocation priority, the Bank continued to give the priority of resource policy to the credit supply to the areas of real economy. It also channelled more loans and subsidies to subdivided industries of the key areas of real

economy, and delegated even greater authority to branches in credit approval and interest rate approval to stimulate branches' marketing vitality. In terms of assessment guidance, the Bank assigned assessment indicators, added assessment tasks and the weight of indicators, and consolidated the responsibility of credit supply to the real economy.

**Product and service:** The Bank actively supported the economic construction of local governments, actively connected with infrastructure and key support projects, and supported financing for infrastructure projects such as urban renewal, industrial parks, water conservancy, affordable housing, "dual use of emergency and daily activity", and rural revitalization through on-balance-sheet loans, bond underwriting, and full process services for local bonds. The Bank continued to enhance innovation of products and services and optimise business processes. The Bank launched the "Tianyuan Treasury" new generation of integrated finance and business treasury management system, embedded with 16 major centers and more than 1,300 business function points, helped promote the comprehensive upgrading of enterprise finance and fund management. To serve the customer segments in specific scenarios such as technology innovation customers and industrial parks, it creatively provided the exclusive product of "Quick Park Loan", optimised the credit point-based approval model for investment-loan linkage, and the clearing function of supply chain bill business, creating an exclusive service mode for customer segments of the real economy.

**Fee reductions and concessions:** The Bank continuously fulfilled and supervised all requirements for fee reductions and concessions. In 2023, to further respond to the *Proposal on Adjusting Some Service Prices of Banks and Improving Quality and Efficiency of Service* issued by the China Banking Association, it promptly released an announcement concerning execution of fee reductions and concessions, and launched numerous preferential policies in regard to production cost of commercial bills, transaction fee of bank acceptances, printing cost of personal account statements, production cost of security certificates, credit card service fees and others.

Zhengzhou Branch Put in Place the First "Quick Park Loan" Business in the Bank's System	Case
<p>Zhengzhou Branch of the Bank took park finance as an important channel for serving medium- and small-sized corporate customer segments, formulated the Guidelines of China CITIC Bank on Park Finance Marketing, and presented "Quick Park Loan" products at a highest collateral rate of 100% accordingly, thus effectively solving the problem of "difficult and costly financing" confronted by small- and micro-sized enterprises in a park. In September 2023, Zhengzhou Branch provided a technology enterprise in a provincial-level industrial park with the first "Quick Park Loan" business in its system. The loan was extended promptly in just five days from the initial business report, effectively addressing the customer's financing needs. The successful implementation of the "Quick Park Loan" business represented the "irrigation" of inclusive finance's "flowing water" to the park economy, which had a noticeable demonstration effect on services for medium- and small-sized enterprises in industrial parks.</p>	

### Xi'an Branch Supported Construction of the Silicon Industry Base and Boosted Prosperity of the Real Economy

Case

Xi'an Branch of the Bank continued to increase its financial support for manufacturing enterprises to boost prosperity of the real economy. In 2023, Xi'an Branch provided the silicon industry base construction project of a local silicon wafer company with a credit limit amounting to RMB3 billion. The project, which consisted of three phases, was conducted to build a production line for 12-inch silicon wafer materials with a monthly capacity of 500,000 pieces. Once completed, the project will effectively improve the international competitiveness of local semiconductor industry and the matching capacity of upstream and downstream industries. It is vital to refine the local integrated circuit industry chain and fill gaps in silicon materials faced by China's semiconductor industry.

### 3.1.2 Supporting Key Areas of Real Economy

#### Boosting Industrial Chain and Supply Chain

The Bank, as one of the banks who took the lead in rolling out supply chain finance, has an extensive range of cooperative customers in every field of national economy, such as automobile, medicine, building, home appliances, food and beverages, electricity and chemical industry, and bulk commodity, and provides approximately 10,000 small and medium enterprises (SMEs) with stable financing support. The Bank actively promoted the online migration and upgrade of supply chain finance, and successively launched CITIC E Chain, CITIC E Pool, CITIC Commercial Bill, CITIC Guarantee, CITIC E Sales, CITIC E Procurement and other supply chain products, thus improving customer experience and making financing more convenient. In 2023, the scale of the Bank's supply chain financing amounted to RMB1,527,377 million, an increase of 18.10% year on year.

### Nanjing Branch Implemented the Private Deployment of the Supply Chain Finance Platform

Case

In 2023, the Bank successfully connected to "Tian He Rong Tong", a supply chain finance platform developed by a large multinational enterprise group, and extended the first loan of RMB10 million, marking a new breakthrough in Nanjing Branch's ability to provide creative financial services for supply chains. By virtue of the supply chain platform, Nanjing Branch provided upstream and downstream suppliers of enterprises with high-quality financial services, and effectively addressed the difficulties confronted by SMEs in financing.

In terms of industrial finance, the Bank actively fulfilled the Central Economic Work Conference's requirements related to "prioritize recovery and expansion of consumption", tapped the great potentials of consumption industry, and set up financial service systems for different ecological consumption scenarios. Regarding liquor industry, for example, the Bank provided downstream distributors of relevant enterprises with targeted financial services. As at the end of 2023, the services had covered Wuliangye, Xijiu, Langjiu and other baijiu brands at various levels, and provided a total financing of RMB 6 billion.

## Boosting the Development of a Scientific and Technological Powerhouse

The Bank deeply implemented the CPC Central Committee’s strategic arrangements to speed up the development of a scientific and technological powerhouse with fully-developed finance, continuously optimised the institutional mechanism of technology innovation finance, refined organisational structure, improved supply of products and services, and boosted China’s self-reliance and strength in science and technology with high-quality financial services.

In 2023, with the Bank’s issuance of the *Development Plan of China CITIC Bank for Technology Innovation Finance Business*, it defined the positioning, objectives and strategies of technology innovation finance development, and established a technology innovation finance leading group to coordinate technology innovation finance management and arrangements. It forged a special organisation system of technology innovation finance featuring “1 + 12 + 200”, and set up technology innovation finance centres in the Head Office and 12 branches, thereby establishing an agile organisation with collaboration between the Head Office, branches and sub-branches, and integration of front, middle and back offices. The Bank continued to enhance R&D of exclusive products that are adapted to technology enterprises. It launched the credit point-based approval model, provided IPO relay loan, technology talent loan, personal credit loan for technology enterprises and other featured innovative products to the market, and kept enriching the connotations and denotations of technology innovation finance, thus meeting financing needs of different technology entities. As at the end of 2023, the Bank’s balance of technology innovation finance loans was RMB 415,677 million, up 20.50% from the end of the previous year; The Bank has served 27,144 SRDI enterprises, representing an increase of 6,548<sup>6</sup> on a YoY basis.

Wuxi Branch Underwrote the First “Hybrid Technology Innovation Note” in Wuxi City	Case
<p>In October 2023, “the Phase I Medium-term Note of Wuxi Communications Industry Group Co., Ltd. in 2023” was issued successfully at an amount of RMB 80 million, with Wuxi Branch of the Bank as the major underwriter. As the first “hybrid technology innovation note” in Wuxi, the note issuance expanded the financing channels for technology innovation enterprises in Wuxi City, playing a demonstration and leading role in hybrid financial innovation.</p>	

## Supporting the Private Economy

The private economy makes important contributions to high-quality development of economy and society. In accordance with the decisions and plans of the CPC Central Committee and the State Council, which called for efforts to facilitate the development of the private sector, the Bank strengthened its support for private enterprises by channelling more financial vitality to private enterprises in a targeted manner.

In 2023, the Bank formulated the *Notice on Work Related to Further Strengthening*

<sup>6</sup> According to the latest national and provincial list of SRDI enterprises, the data at the beginning of the year has been regressed accordingly.

*Financial Services for Private Enterprises*, issued the *Action Plan of China CITIC Bank concerning Financial Support for Development of Private Economy*, and set up a leading group working mechanism of services for private enterprises to coordinate and advance all tasks related to financial service for private enterprises across the Bank. It put forward 26 targeted measures in 7 aspects covering an extensive range of contents, including increasing financing volume, improving service capacity, optimising resource allocation, enhancing risk empowerment, and strengthening bank-enterprise connection. It also refined and subdivided relevant key tasks to advance the fulfilment of services for private enterprises in an effective and sophisticated manner. As at the end of 2023, the Bank's balance of loans to private enterprise was RMB 797,599 million<sup>7</sup>, up 6.15% from the end of the previous year. In 2023, it underwrote RMB 49,920 million of debt financing instruments for private enterprises, significantly reducing their financing cost.

The Bank gave full play to the unique advantages of cross-border financial services and created a new situation of joint services with the All-China Federation of Industry and Commerce. Both sides jointly organize a number of customer activities, inviting nearly 2,000 private enterprises to participate. More than 60 online and offline publicity events were carried out jointly with China Export and Credit Insurance Corporation, covering more than 3,000 enterprises. These measures highlighted the brand competitiveness of the Bank's foreign exchange business and enhanced the Bank's market image and influence.

### The Shanghai Branch Made All Efforts to Boost Development of Private Economy

Case

Shanghai Branch of the Bank actively implemented the *Action Plan of China CITIC Bank concerning Financial Support to Boost Development of Private Economy*, and supported the high-quality development of small- and micro-sized enterprises and private enterprises. When a Shanghai-based power equipment company, which was dedicated to design, research and production of process gas single screw compressors and systems, faced unprecedented difficulties in development, Shanghai Branch of the Bank organised a professional team immediately. Through the Technology Innovation E Loan, the team helped the company to obtain much-needed funds, solving the company's urgent needs and providing a sense of security.

## 3.2 Serving Regional Development

The Bank actively served China's regional development strategy. It focused on four key regions, i.e. the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong- Macao Greater Bay Area (the GBA) and the Chengdu-Chongqing Economic Circle, formulated the *Guidelines for Coordinated Development of Key Regions of CITIC* to increase allocation of credit resources to these regions and support the regional development. The Bank also set up a coordination committee to coordinate and advance regional integration and coordinated development.

### 3.2.1 Supporting the Coordinated Development of the Beijing-Tianjin-Hebei

<sup>7</sup> The statistical data is based the balance of loans from privately held enterprises (including domestic and foreign currencies), excluding discounting.

## Region

The Bank set up the coordinated leadership group of the Beijing-Tianjin-Hebei region, which was responsible for the promotion of business for the coordinated development of the Beijing-Tianjin-Hebei region. It formulated the *Three-Year Plan for the Coordinated Development of the Beijing-Tianjin-Hebei Region of CITIC*, and actively supported the coordinated development of the Beijing-Tianjin-Hebei region. In 2023, the Bank continuously followed up the cross-regional relocation arrangement of central SOEs, and engaged deeply in construction of national key infrastructure projects. It formulated the *Three-Year Plan for the Coordinated Development of Xiong'an New Area of CITIC*, and increased the financial support for Xiong'an New Area, and supported the development of regional higher education institutions.

Beijing Branch Underwrote the First Green ESG Medium-term Note of a Real Estate Company in China	Case
<p>In April, 2023, the Phase I Green Medium-Term Note 2023 of China Railway Construction Real Estate Group Co., Ltd. was successfully issued in the amount of RMB 700 million with a coupon rate of 3.55% with the Beijing Branch of the Bank as the lead underwriter. The note was the first green ESG medium-term note in China in 2023, the funds raised through which will be spent on construction of the green building project. It is estimated that the project will save 1,687.88 tons of standard coal, i.e. 3,730.22 tons of carbon dioxide emissions, once completed and put into operation. The implementation of this business is of great importance for expanding financing channels for real estate enterprises and leading the green upgrade of the industry.</p>	

### 3.2.2 Supporting the Development of the Yangtze River Delta

The Bank made in-depth studies on the integrated development policies in the Yangtze River Delta, strove to grasp the new development opportunities related to technology innovation finance, industrial innovation, green finance, collaborative wealth creation and digital finance in the region, and promoted the implementation of all-dimensional coordinated services. In 2023, the Bank actively advanced its cooperative ties with the G60 Science and Technology Innovation Corridor, carried out multi-tiered park cooperation and connection, and signed the strategic cooperation agreement titled “RMB 100 Billion for 10,000 Enterprises”. It closely followed industrial upgrade, endeavoured to expand customer segments in emerging industries, and cooperated with the member institutions in the region to build “CITIC Technology Innovation Finance” into a gold-lettered signboard. As at the end of 2023, the Bank served a total of 10,600 technology innovation financial enterprises in the Yangtze River Delta region.

### 3.2.3 Supporting the Development of the Guangdong-Hong Kong-Macao Greater Bay Area (the “GBA”)

To deeply implement the state’s important arrangements regarding the regional development of the GBA, the Bank formulated and issued the *Work Plan of China CITIC Bank for Implementation of “Hengqin Finance 30 Articles” and “Qianhai Finance 30 Articles”* as a booster for development of the GBA. It actively served the “cross-border +

innovation” development strategy of the GBA, took innovative steps in cross-border financial facilitation services, increased the support to technology innovation enterprises in the GBA, and helped the GBA forge a connected, open, dynamic, innovative and development-friendly bay area.

### **Shenzhen Branch Actively Implemented Multi-Scenario Business under the New Policy “30 Articles of Financial Support for Qianhai”**

Case

Shenzhen Branch of the Bank closely followed the GBA’s overall strategy of opening-up. It actively engaged in and implemented the new policy “30 Articles of Financial Support for Qianhai”, combined business innovation with policy opportunities, and launched innovative financial business. In 2023, it successfully facilitated a supply chain enterprise in the Qianhai Cooperation Zone in paying its exporters in foreign currency after purchasing foreign currencies with renminbi overseas, reducing the enterprise's foreign exchange purchasing costs while maintaining high efficiency. Meanwhile, leveraging the cross-border financial service platform of the State Administration of Foreign Exchange (SAFE), Shenzhen Branch launched the facilitation business for payment of local transportation expenses with foreign exchanges, realised automatic invoice verification and uploaded use record onto the chain, which effectively shortened the invoice verification time, and ensured timely foreign exchange payment for enterprises. In addition, it became one of the first group of banks that put in place the two aforesaid kinds of business.

### **3.2.4 Supporting the Development of Chengdu-Chongqing Economic Circle**

The Bank actively integrated itself into the development of Chengdu-Chongqing Economic Circle. In 2023, it issued the *Three-Year Plan of China CITIC Bank for the Regional Coordinated Development of Chengdu and Chongqing*, and defined objectives and directions for business development in Chengdu and Chongqing for the next three years. To promote the development of the “33618” industrial cluster system in Chongqing and the “5 +1” modern industry system in Sichuan Province, the Bank has enhanced resource integration to provide the customers in Chengdu and Chongqing with comprehensive services featuring “financing + industry + intelligence”.

### **Chengdu Branch Prepared the First Regional Stock Index -- “CITIC Wealth Management Chengdu-Chongqing Index”**

Case

In response to the state’s call for development of the Chengdu-Chongqing Economic Circle and improve the brand image and market influence of China CITIC Bank in Chengdu and Chongqing, Chengdu Branch of the Bank prepared the first regional stock index of CITIC Group, “CITIC Wealth Management Chengdu-Chongqing Index”, in conjunction with CITIC Securities and CITIC Wealth Management and with enterprises that use special and sophisticated technologies to produce novel and unique products, high-end manufacturing, and listed enterprises featuring rural revitalisation, etc. in Chengdu and Chongqing as the basic stock pool. The branch

also presented the strategic wealth management product of CITIC Chengdu-Chongqing Index Region by citing the index, realizing specialized services to support the national strategy. As at the end of 2023, the wealth management product had been issued for 12 tranches in a row, with a sales scale of RMB 7.3 billion, driving a non-standard financing of approximately RMB 5.3 billion for strategic key enterprises in this region.

### 3.3 Innovating Cross-border Finance

The Bank closely followed China's strategy of high-level opening-up, took initiatives in integrating into the new development paradigm with domestic circulation as the mainstay and domestic and international circulations reinforcing each other, and actively implemented the state policy of "stabilising foreign trade". In response to national development strategies, such as the internationalization of the RMB and the Belt and Road initiative, CITIC has optimized its cross-border financial service system, accelerated the innovation of cross-border products, established CITIC cross-border treasury brands, and improved its cross-border financial service capabilities.

#### Noticeable Achievements Were Seen in the Pilot Projects of Foreign Exchange Business Development of China CITIC Bank

Case

The *Administrative Measures for Foreign Exchange Business Development by Banks (Trial)* issued by the SAFE came into force from 1 January 2024. As one of four pilot banks, the Bank rolled out its pilot projects of foreign exchange business development in Jiaxing, Wuxi and Qingdao under the guidance of the SAFE in the earlier stage. The Bank took the reform of foreign exchange business development as the opportunity to reconstruct its foreign exchange business processes, and explored the ex-ante, in-event and ex-post processes in the business development framework in practice. In terms of ex-ante technology empowerment, it creatively introduced Artificial Intelligence (AI), built up an integrated, standardised and systematic customer assessment system, and helped to obtain accurate profiles of customers. In terms of in-event differentiated review, it enabled high-quality customers to conduct foreign exchange settlement with instructions. According to statistics, the average time spent in handling a foreign exchange receipt and payment transaction for a high-quality customer in a business development pilot was shortened by more than 75%. In terms of ex-post continuous dynamic monitoring, it explored a new "risk-based" mode of foreign exchange management, continuously improved and iterated numerous risk monitoring models, and built up a risk monitoring and reporting system that supports timely backtracking and screening, thus realizing early identification, warning, exposure and disposal.

In 2024, the Bank will build upon and expand the progress achieved in its pilots, using them as models to replicate this success and promote high-quality financial development through reform and innovation.

#### Promoting the Internationalisation of the RMB

The Bank earnestly implemented the decisions and arrangements of the CPC Central Committee and the State Council regarding cross-border RMB business. Leveraging its



strengths in foreign exchange business, the Bank leveraged the service system of “CITIC Mega Foreign Exchange Services for the Global Value Chain” to provide enterprises “going global” with comprehensive financial services and facilitate the high-quality development of cross-border RMB business.

In 2023, the Bank made further efforts to develop and optimise the cross-border product system on the basis of its existing product portfolio of “settlement + financing + transaction + account + fund management”. It actively grasped the opportunity of increasing market willingness to use RMB, and promoted the use of RMB in key enterprises, areas and regions. It continued to increase the proportion of RMB settlement in cross-border trade and investment, and improved the width and depth of use of cross-border RMB products.

### Supporting the Belt and Road Initiative (the “BRI”)

In response to China’s BRI development strategy, the Bank explored the Chinese enterprises’ investment and financing demands in countries and regions along the BRI, and provided them with a comprehensive cross-border financial service scheme covering “settlement+transaction+financing+intelligence”, and continuously helped Chinese enterprises to “go global”.

The Bank actively engaged in the development of BRI participants, and provided medium- and long-term export financing in key areas, such as highway, airport, social security housing, power plant, shipbuilding, exploitation of mineral resources, and production and construction. In 2023, an additional loan of RMB 4.523 billion was granted in export credit projects in Indonesia, Laos, Bangladesh, Egypt and other "the Belt and Road" countries, with a year-on-year increase of 61.02%.

#### Jiaxing Branch Supported Implementation of the Syndicated Loan for an Overseas Wet Process Project of Nickel Hydroxide

Case

Jiaxing Branch of the Bank made all efforts to support China’s dual-carbon strategy and the BRI initiative, and actively cooperated with a domestic enterprise regarding its a nickel-cobalt hydroxide hydrometallurgy project in Indonesia, an important project in China’s proposal on co-development of the BRI. Jiaxing Branch, as the lead bank of this syndicated loan, successfully extended the first loan of RMB 1.02 billion in July 2023. The approval process, i.e. approval from both the Head Office and the branch, was successfully completed within one month of project initiation. This efficient process received praise from customers. Jiaxing Branch took concrete actions to support the real economy, facilitated overseas investment, and helped Zhejiang-based enterprises to “go global”, thereby contributing CITIC power to China’s participation in global competition and cooperation.

### 3.4 Developing Inclusive Finance

The Bank resolutely implemented the decisions and plans of the CPC and the State Council, fulfilled the requirements of relevant regulatory policies, and spared no efforts to improve services for small- and micro-sized enterprises and support their development. As at the end of 2023, the Bank’s balance of inclusive loans for small- and micro-sized enterprises was RMB 545,076 million, an increase of RMB 99,084 million from the end

of the previous year, and the loan growth rate was 14.22 percentage points higher than that of various loans.

**In terms of top-level plan and guidance, the Bank strengthened the top-level promotion.** In 2023, the Board of Directors and the Board of Supervisors in the Bank deliberated on the inclusive finance development status and relevant development plans; the Senior Management conducted special research on the development goals, thinking pattern and plans of inclusive finance; the Steering Group for Inclusive Finance and Rural Revitalisation convened a thematic conference to study and advance the development of inclusive finance. **Assessment and incentives were enhanced.** The Bank continued to separate the inclusive credit plan for small- and micro-sized enterprises, subdivided the plan and allocated relevant them to all branches, and increased the extension of credit resources to Northeastern China and Northwestern China. In addition, it continued to include inclusive finance indicators in the comprehensive performance assessment of the branches and maintained its weight at more than 10%. The FTP assessment profit subsidies were provided as usual, and remuneration reward and marketing cost were presented to fully arouse the enthusiasm of all branch institutions. **Continuous efforts were made for fee reductions and concessions.** The announcement of service items and relevant prices was improved, the service charging system was strictly controlled, and “two prohibitions and two restrictions” were upgraded to “four prohibitions”. Meanwhile, the Bank provided additional support for loan renewals and offered interest rate coupons to key customer segments, resulting in a gradual decrease in loan interest rates for small and micro-sized enterprises. **Ensuring that no one who has fulfilled their duties shall be held liable.** The Bank optimized the process and relevant execution standards to ensure no one who has fulfilled their duties shall be held liable, and implemented liability exemption for everyone eligible according to positive and negative lists. The proportion of liability exemption in 2023 reached 98%.

**In terms of products and services innovation,** the Bank adhered to the customer-centric principle, fully leveraged its advantage in innovation mechanism for inclusive finance, and optimised the intelligent credit factory of product R&D. Continuous efforts were made to innovate products, optimise processes and enrich the featured product system of “CITIC Easy Loan”. The Bank provided well-targeted support to meet the financing needs of small and micro-sized enterprises, effectively improving customer experience and service efficiency. **Continuous efforts were made to develop an exclusive product system.** To serve the MSEs that use special and sophisticated technologies to produce novel and unique products, the Bank refined “Technology Innovation E Loan”, a whole-process online credit loan product, and provided one-stop financial services such as financing, settlement and agency payroll based on the customers’ needs. Throughout the year, it extended approximately RMB 40 billion of loans to a total of 5,600 MSEs that use special and sophisticated technologies to produce novel and unique products. Additionally, the Bank financed upstream and downstream MSEs in the supply chain through innovative products such as the “Distribution E Loan” rent loan model, and optimized the “Order E Loan”, “Commercial Bill E Loan” and “Equipment E Loan”, effectively fulfilling the financing needs of MSEs. **The Bank continued to improve user service experience.** It optimised online service channels such as mobile banking and online banking. It set up a special zone of “inclusive intelligent marketing”, refined the digitalised business opportunity management function, launched “CITIC Intelligence”, a customer facing applet, providing the MSEs with high-quality, efficient and convenient financial services.

**In terms of risk compliance management**, the Bank continuously enhanced technology empowerment to improve digitalisation and intelligence of risk compliance management for inclusive finance. **Before lending**, it continuously refined the unified customer risk view and accurate profile with the data system featuring “One Data Lake, One Database and One Platform”. **During lending**, it improved the review and approval mechanism, streamlined key points of review with a list-based and table-based model, optimised R&D of intelligent review and approval model, enriched its risk control model and monitoring rules, and improved the automatic credit approval. **After lending**, the Bank promoted the integrated post-lending warning, developed 17 monitoring models for the anti-money laundering system, added more than 60 post-lending rules such as monitoring over use of funds, and optimised functions of the post-lending initial inspection and regular inspection system. The Bank was involved in continuous improvement of the accuracy of intelligent warning and the automation level of post-loan inspections.

### Shanghai Branch Supported the Development of Automobile MSEs through “Distribution E Loan”

Case

To address the challenge of financing for automobile MSEs, the Bank introduced the “Distribution E Loan” (automobile purchase loan) - a specialized inclusive supply chain finance product. Different from traditional business modes, the product realised whole-process online extension of loans through direct system connection between banks and core enterprises, providing financing support to small- and micro-sized distributors. In 2023, Shanghai Branch of the Bank cooperated with a vehicle trade enterprise to meet its financing need, eventually selected the “Distribution E Loan” (automobile purchase loan) scheme, and successfully completed extension of the loan, winning recognition from the enterprise and other downstream distributors. With the “1 + N” cooperation pattern, Shanghai Branch realised a positive interaction with downstream distributors of core enterprises, thus serving more long-tail customers.

## Chapter IV Green Development to Protect Lucid Waters and Lush Mountains



### 4.1 Developing Green Finance

Keeping in line with national strategies, and adhering to the green development philosophy, the Bank always took active actions in response to climate changes, constantly improved the formation of green finance institutions and mechanisms, and doubled efforts to develop green credit, green bonds and other green finance businesses. In addition, it explored green financial products innovation, and enhanced the comprehensive service capability of green finance. The Bank remains committed to green and low-carbon operations, building itself into a green bank by setting green targets and tracking progress in their implementation.

#### 4.1.1 Strategy for the Development of Green Finance

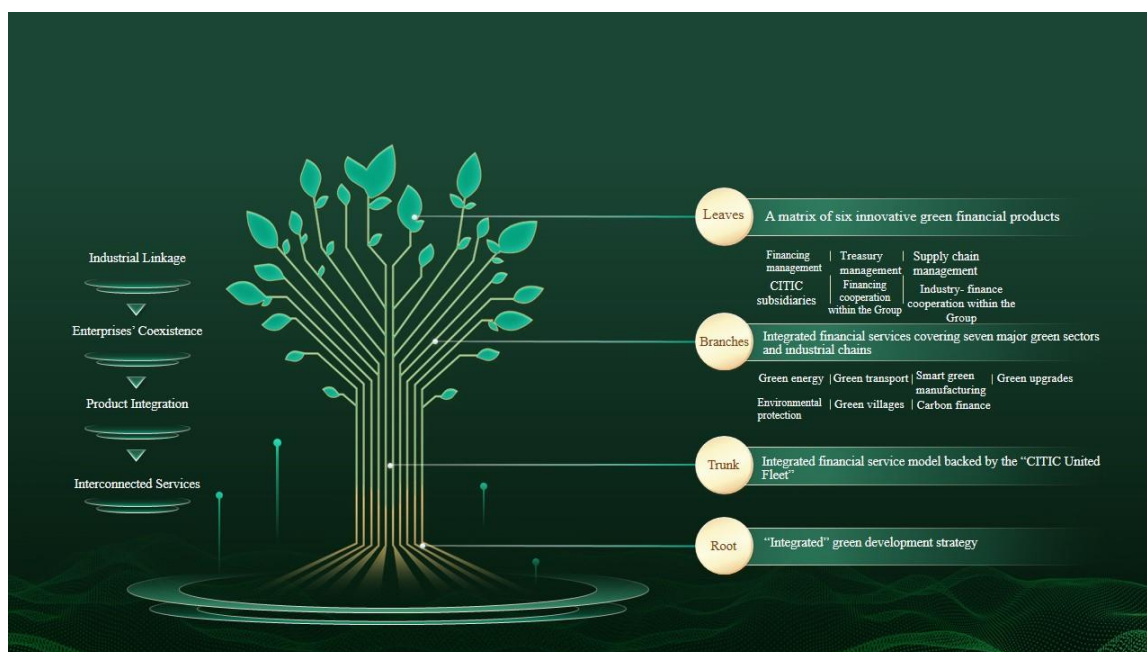
In 2023, in line with the guiding principles of the 20th CPC National Congress and Xi Jinping Thought on Ecological Civilization, the Bank formulated the *Development Plan for Green Finance of China CITIC Bank (2024-2026)*. This initiative aims to comprehensively implement the strategic objectives of “carbon peak and carbon neutrality”, foster the Bank’s low-carbon transition and sustainable development, and advance the strategic execution of green financial services from a strategic and comprehensive perspective.

Based on a thorough understanding of the Bank’s present development status and the internal and external environments, the Bank sets forth medium- to long-term development objectives for green finance. Specifically, by the end of 2026, the Bank aspires to maintain a consistent top-tier position among joint-stock banks in green finance operations. This involves realizing overarching development goals, including **“substantial scale improvement, ongoing structural optimization, sustained diversification of products, a more balanced developmental trajectory, the establishment of a more comprehensive system, and the cultivation of a more influential brand”**.

#### 4.1.2 Integrated Service System for Green Finance

To better serve the green sector and facilitate the green and low-carbon transition of the economy and society, the Bank introduced a distinctive Green Finance Service Plan in 2023, aiming to establish a comprehensive financial service system that supports the enduring value circulation of green finance. The system can be represented as an evergreen tree in which the “roots” are the development strategy, the “trunk” is the service mode, the “branches” are the service system, and the “leaves” are the product matrix. The Bank continuously expands the green finance ecosystem and increases the resource allocation for green development and low-carbon transition to support sustainable growth of green enterprises, green industries, and green ecology.

### The “Integrated” Green Development Strategy of China CITIC Bank



**The Bank has established a preliminary three-tiered organizational structure for green finance development. At the strategic decision-making level,** the Strategic and Sustainable Development Committee under the Board of Directors is responsible for reviewing strategies and goals related to green finance development, as well as overseeing the implementation and evaluation of green finance initiatives. **At the senior management level,** a Green Finance Steering Group has been established to oversee 2 working groups and 4 business promotion task forces. The Green Finance Steering Group coordinates the green finance business development of the Bank, devises strategies and goals, and provides guidance for the implementation and execution of green finance initiatives. **At the execution level,** the “Head Office-branch-sub-branch” collaboration mechanism for coordinated promotion is taking shape. At the Head Office, a Green Finance Department is established under the Key Client Department, tasked with specific business promotion efforts. Branch and sub-branch offices were led by the Bank's top officers, with dedicated positions in green finance established, to promote the implementation of green finance business.

Green organisations	Green teams	Green mechanism “Head Office-branch-sub-branch” collaboration
<p><b>Strategic and Sustainable Development Committee of the Board of Directors</b></p> <p>The Committee operates directly under the Board of Directors of the</p>	<p><b>Green Finance Steering Group</b></p> <p>The Steering Group formulates strategies and objectives for the development of green finance business and promotes the overall development of green</p>	<p><b>Head Office level</b></p> <p>Led by the Key Client Department, the Head Office coordinates resources to propel project advancement and establish specialized support for green finance business across assessment, pricing, and</p>

Green organisations	Green teams	Green mechanism "Head Office-branch-sub-branch" collaboration
<p>Bank. It reviews strategies and objectives related to green finance development and coordinates strategic resources from the CITIC Group to facilitate strategy implementation.</p>	<p>finance.</p> <p><b>Green finance management promotion working group</b></p> <p>The Working Group leads the promotion of "green banking" to enhance the Bank's sustainable development capabilities.</p> <p><b>Green finance business facilitation working group</b></p> <p>The Working Group leads the innovation of green finance products and services, establishes mechanisms to promote green finance business, and provides comprehensive business support to branches.</p>	<p>approval channels.</p> <p><b>Branch level</b></p> <p>Branch heads spearhead the systematic promotion of green finance business within their respective regions, fostering the development of key and distinctive green industrial clusters in the area.</p> <p><b>Sub-branch level</b></p> <p>Efforts are made to establish characteristic sub-branches such as "Green Finance Demonstration Branches", "Green Specialised Sub-branches", and "Carbon Neutral Sub-branches" to advance the implementation of green finance business.</p>

### 4.1.3 Strengthening Green Credit

The Bank rigorously adheres to national mandates toward the goals of reaching peak carbon emissions and carbon neutrality. It formulates green finance credit policies to clearly delineate the trajectory of the Bank's green finance business development. By actively endorsing credit allocations that resonate with green development trends, the Bank consistently increased its share of green business. As of the end of the reporting period, the balance of the Bank's green loans totaled RMB 459,022 million<sup>8</sup>, reflecting a growth of 37.40% compared to the previous year-end, with a growth rate surpassing that of all other loan types offered by the Bank.

#### Credit Policy

The Bank's credit policies for 2023 clearly stipulated its credit policies of green finance covering various sectors, which mainly include clean energy, green buildings, and green transportation. The specific policies include:

- Key emphasis is placed on advancing the development of the new energy industry chain, constructing a modern energy system that is clean, low-carbon, safe, and efficient. This includes substantial support for the construction of large-scale wind and solar power bases, promoting the application of new energy in industrial and architectural sectors,

<sup>8</sup> Refers to the statistic standard of the People's Bank of China.

supporting green electricity consumption, and integrating the development of new energy exploitation and application with rural revitalization efforts.

- Support is provided to both energy-saving renovations of existing buildings and the enhancement of energy efficiency in new construction projects. This entails boosting credit support for energy-saving buildings and facilitating the adoption of green, low-carbon, and circular building practices.

- Assistance is extended to the construction of green ports, green waterways, green highways, and urban rail transit systems, thereby aiding the widespread application of new energy vehicles in urban public transportation, rental services, and logistics and distribution.

- Strict project access standards are enforced, with the prohibition of credit support to the expansion of production capacity in violation of regulations. Loans to enterprises involved in such expansion are also prohibited, and efforts are expedited to phase out inefficient capacity. For existing “high energy-consuming and high-emission” projects, those with potential for energy conservation and emission reduction may receive support for renovation and upgrading after careful assessment of their development prospects. For projects classified as backward capacity, a swift and orderly exit is accelerated.

### Credit Review

The Bank is actively establishing standards (guidance) related to green credit examination and approval. It stays updated on the advancements and trends in emerging industries like new energy, new energy vehicles, and new materials, as well as in “high energy-consuming and high emission” industries such as steel, coal, and glass. In 2023, the Bank revised the standards (guidelines) for review and approval in three green industries—photovoltaic manufacturing, photovoltaic power generation, and new energy vehicles—to align with the latest industry developments. As of the end of 2023, 12 green industry review and approval standards (guidelines) have been formulated.

#### The Shanghai Branch Acted as Lead Arranger of the First Domestic “Sustainability-linked + Green Special” Syndicated Loan

Case

To demonstrate the Bank’s longstanding commitment to green development strategies, the Shanghai Branch has been consistently innovating and exploring the realms of green finance. In 2023, as the lead arranger, the Shanghai Branch successfully structured the first domestic “sustainability-linked + green special” syndicated loan. This syndicated loan comprises a sustainability-linked loan and a green special loan. Syndication fees are dynamically adjusted based on the total number of “environmentally friendly projects” accomplished by the borrower. Furthermore, third-party professional institutions are engaged to provide assessment reports on loan destinations, ensuring that the funds are directed toward sectors in line with national guidelines on green credit. The implementation of this loan has given new energy to local sustainable development and supported the growth of the green economy.

### **The Huzhou Branch Successfully Issued the First Green Building Loan**

Case

The Huzhou Branch of the Bank actively supports the high-quality development of the green building industry by offering lower interest rates and establishing a “green channel”. The Branch provided credit support to the construction project for the academic study tour base that features the Imperial Palace of Emperor Wu of Chen, marking the Bank’s first issuance of a green building loan for energy-saving and green renovations of existing buildings. Throughout the project construction process, a substantial amount of aerated concrete products, multifunctional composite wall materials, low-radiation coated glass, high-strength steel, and other green building materials were extensively utilized, effectively reducing environmental pollution at the source. This project signifies a significant breakthrough in Huzhou Branch’s efforts to support the green building sector, contributing to the advancement of the green building industry in Huzhou.

### **The Kunming Branch Actively Supported the Transformation and Upgrading of Traditional Industries**

Case

In 2023, the Kunming Branch of the Bank provided a fixed asset loan of RMB 799 million for the relocation and transformation project of a local steel company. The project focuses on capacity replacement. After modernization of production processes and equipment, the new production line demonstrates significant advantages, including shorter processing time, less heat dissipation area, and lower overall energy consumption. Based on an annual output of 2.6 million tons, this project will reduce carbon dioxide emissions by 22,344.09 tonnes annually, saving 8,866 tonnes of standard coal in energy consumption per year.

### **The “One-for-All” Initiative of the Wuhan Branch Enhanced Green Credit Substantially**

Case

In November 2023, the Wuhan Branch of the Bank successfully disbursed fixed asset loans for the distributed photovoltaic project on the roofs of factory buildings for a renowned automobile company, aiming to reduce carbon emissions by over 70,000 tonnes annually. The Branch, based on the specific characteristics of the project, established a checklist for the approval materials of distributed photovoltaic projects, streamlining the approval and disbursement process from thirty days to less than ten days, thereby significantly enhancing efficiency. After the completion of this project, the “One-for-All” approval scheme was extended to various distributed photovoltaic green credit projects on factory building roofs nationwide within CNCB, effectively overcoming the final hurdle between enterprises and banks. Through standardized, procedural, and institutionalized approval processes, the advancement of green credit



has become more substantial, thereby contributing to the continuous deepening of the dual-carbon strategy.

#### 4.1.4 Innovating Green Finance Products and Services

The Bank constantly explores business innovation, strengthens support for green finance, and promotes the development of green economy.

##### 4.1.4.1 Green Bond

The Bank plays an active role in the green bond market, extensively promoting the issuance, underwriting, and investment of various green and low-carbon themed bonds. These efforts aim to support the robust growth of the green bond market and promote the comprehensive green transformation of the economy and society.

In 2023, the Bank issued two tranches totaling RMB 20 billion of **green financial bonds** in the China Interbank Bond Market (CIBM). The funds raised were allocated to green industry projects outlined in the *Green Bond Endorsed Projects Catalogue (2021 Edition)*, focusing on sectors including energy conservation and environmental protection, clean energy, and green upgrade of infrastructure.

In 2023, the Bank underwrote a total of 22 **green bonds**, amounting to RMB 10.31 billion, including RMB 1.55 billion for carbon-neutral bonds and RMB 1.05 billion for sustainability-linked bonds. Notably, the Bank played a pioneering role by underwriting the first-ever sustainability-linked panda bond in the market.

#### The Guangzhou Branch Underwrote the First Sustainability-linked Panda Notes in the Domestic Market

Case

In March 2023, the Guangzhou Branch of the Bank, as the lead underwriter, facilitated the successful issuance of the first tranche of (sustainability-linked) medium-term notes for CSSC (Hong Kong) Shipping Company Limited. This marked the company's first appearance in the domestic debt capital market and represented the first sustainability-linked panda notes in the domestic market. The note issuance was for RMB 1 billion with a maturity period of three years. The coupon rate was linked to sustainability performance targets. To achieve these performance targets, the company must increase the delivery of environmentally friendly vessels. These vessels can replace around 39,200 tonnes of traditional diesel, resulting in an estimated reduction of approximately 31,800 tonnes of CO<sub>2</sub> emissions and approximately 465.94 tonnes of SO<sub>2</sub> emissions. This change will lead to significant benefits in terms of energy savings and emission reduction.

In terms of **green bond investments**, the Bank actively fosters the growth of the green economy, with the balance of investments in green bonds reaching RMB 16,867 million by the end of 2023, marking a 57.99% increase compared to the previous year-end. These investments covered a wide array of green bonds, including green asset-backed securities, green financial bonds, green corporate bonds, green short-term financing bonds, and green government bonds.

In terms of **market-making for green bonds**, the Bank, as a key market maker

in the CIBM, proactively provides both bilateral and quote-request services for green and sustainability bonds, aiming to furnish market participants with pricing benchmarks and liquidity support for green bonds. In 2023, the cumulative turnover of green bonds reached RMB 43,127 million, indicating a year-on-year growth of 8.74%.

As a leading market-maker for green bonds in CIBM, the Bank is one of the first institutions to provide quotes for innovative bond portfolio products. In 2023, the Bank introduced the “China CITIC Bank Green Credit Bond Basket” and partnered with the China Foreign Exchange Trade System (CFETS) to establish the “Common Ground Taxonomy (CGT) High-level Green Bond Basket”, to facilitate diversified investment and trading needs of investors while enhancing bond allocation and trading efficiency.

#### **4.1.4.2 Green Leasing**

CITIC Financial Leasing, a subsidiary of the Bank, adheres to the strategic positioning of green leasing and incorporates support for the green industry into its strategic planning by delineating the development objectives, specific sectors, and customer positioning for green leasing. Based on customer classification management, the Company applies differentiated credit policies to various customers. Complementary marketing guidelines and access standards are established for segmented industries such as photovoltaics, wind power, waste-to-energy, and environmental protection, directing the business resources towards strategic emerging industries and the low-carbon, circular, and clean sectors. In 2023, CITIC Financial Leasing provided RMB 15.73 billion in green financing leasing, primarily for photovoltaic power generation, new energy logistics vehicles, and new energy battery manufacturing, environmental protection renovation, etc. As of the end of 2023, the balance of green financial leasing amounted to RMB 27.95 billion, accounting for 57.81% of the total balance of financial leasing assets.

#### **4.1.4.3 Green Consumption**

The Bank advocates and encourages green consumption, continuously strengthening financial support in the green consumption sector to promote the upgrade of green consumption across society. In response to the national call to increase support for new energy vehicles, the Bank is actively advancing resource support and service innovation in this area. It actively cooperated with mainstream new energy vehicle brands in the market, establishing cooperative relationships with 15 pure new energy vehicle brands such as GAC Aion and Xiaopeng Motors. The Bank strengthens the assessment and evaluation of auto loans at the branch level by integrating the proportion of new energy vehicle in green finance into the assessment system, thereby guiding branches in structuring their deployment strategies in new energy vehicle finance. Additionally, the Bank responds to national mandates by reducing the down payment ratio for auto loans to improve access to financial services for new energy vehicles. Furthermore, it consistently enhances and refines product service capabilities, and established a standardized and multi-mode system connection framework that fully aligns with the direct-operated, online, and digital operation models of new energy vehicle brands. In 2023, the Bank’s new energy vehicle loans amounted to RMB 8,687 million.

#### **4.1.4.4 Agency Distribution of Green Financial Products**

The Bank actively distributed green financial products by leveraging its robust asset

management capabilities. In 2023, the Bank distributed funds totalling RMB 173 million, focusing on themes related to ESG, low-carbon environmental protection, and social responsibility.

#### 4.1.4.5 Structured Deposits Linked to Green Bonds

The Bank capitalized on its product design expertise and actively communicated the principles of green and low-carbon development to customers through innovations on financial products. In 2023, the Bank issued a total of 191 structured deposits linked to green financial bonds, raising RMB 108,385 million, thus significantly boosting trading activity in the green bond market.

#### 4.1.4.6 Green Consulting

Leveraging its own resources in green products and services, the Bank has created a one-stop value-added service model of “Green Technology + Green Consulting + Green Finance” with the support of CIAM Carbon Assets Management Ltd., a subsidiary that holds a carbon trading license and consulting expertise. This model offers customers services such as emission assessments and report preparation for green loans, carbon emission/carbon footprint accounting, dual-carbon planning, green technology application and promotion, carbon asset assessment and development, and matchmaking for carbon asset transactions both at home and abroad.

#### 4.1.4.7 Innovative Green Services

<b>The Guangzhou Branch Processes China’s First Carbon Emission Rights Pledge Financing in Cross-Border Free Trade (FT)</b>	<b>Case</b>
<p>In 2023, the Guangzhou Branch completed China’s first carbon emission right pledge financing in collaboration with the Guangzhou Carbon Emission Trading Centre. This leveraged cross-border financing within the free trade (FT) framework, which is a pioneering approach to carbon emission right financing. To assist a multinational group in revitalizing its carbon assets and broadening the domestic funding channels for its overseas subsidiaries, the Guangzhou Branch devised a tailored financing solution. This comprehensive approach encompassed “pledge financing of carbon emission rights + cross-border L/C of domestic enterprises + free trade accounts (FTN) forfeiting of overseas institutions”. Through this customized arrangement, the Branch provided a financing of RMB 9.07 million to the Group’s overseas subsidiary, effectively tackling the challenges encountered by enterprises “going global” in securing overseas funding. This initiative also underscored tangible support and acknowledgment for enterprises holding carbon emission rights.</p>	

<b>CITIC Carbon Account</b>	<b>Case</b>
<p>As the first bank-led personal carbon reduction account in China, the “CITIC Carbon Account” quantifies individual carbon emission reductions using scientific methods, turning green consumption behaviors into digitalized, visible, and valuable assets.</p>	

Since its launch, the account has continuously evolved and innovated. It now supports nationwide account opening and has cumulatively calculated carbon emission reductions in 13 financial and low-carbon consumption scenarios, effectively guiding the public transformation towards green consumption. By the end of 2023, the user base had exceeded eight million people, with a cumulative emission reduction of over 10,000 tonnes. It received honors such as "2023 ESG Green Finance Model Case in the Banking Industry".

In 2023, the low-carbon ecosystem platform built around the CITIC Carbon Account expanded its member base to 23 entities. Together with its platform partners, the Bank introduced a green consumption system covering various aspects of consumer life, such as green new energy, green transportation, green recycling, green reading, green digital services, and green dining, integrating green and low-carbon lifestyles into consumers' daily lives. Additionally, the Bank collaborated with China UnionPay to launch the industry's first "Carbon Account Interconnection System", connecting the "CITIC Carbon Account" with China UnionPay's "Low Carbon Program" services. This initiative marked the first interconnection and mutual recognition of carbon accounts in the financial industry, providing users with a more diverse experience in green and low-carbon consumption.

#### 4.1.5 Conserving Biological Diversity

The greater harmony between humanity and nature is an essential path for China's pursuit of high-quality development. Conserving biodiversity has become a pivotal concern intimately intertwined with human, society, and economic progress. In light of this, the Bank has taken a significant step by endorsing the *Joint Declaration of Banking and Financial Institutions to Support Biodiversity Conservation*, pledging to play a leading role in recovering the loss of biodiversity over the coming decade.

The Bank actively engages in initiatives related to biodiversity conservation, enhancing biodiversity risk management, exploring and developing financial products and services for biodiversity, and advocating for the allocation of more financial resources towards biodiversity conservation. The *Credit Policies of China CITIC Bank in 2023* explicitly underscored the Bank's commitment to actively participating in major biodiversity conservation projects. Throughout the credit business, the Bank upholds stringent ecological protection standards, maintains vigilant oversight of biodiversity impact during project implementation process, and fosters a heightened ecological consciousness.

The Bank is committed to establishing robust financial services for biodiversity conservation, developing financial products and services related to biodiversity conservation, and enhancing expertise in biodiversity conservation. In response to the diversified and individualized financing requirements for biodiversity conservation, the Bank has introduced specialized products and services, including Water Saving Loans, Forest Loans, Tea Mountain Loans, Mortgage Financing of Forest Rights, High-standard Farmland Loans, and Pledge Financing of Carbon Emission Rights. Furthermore, leveraging its parent-subsidiary synergy, the Bank actively drives the R&D of biodiversity conservation -related products across its subsidiaries.

### **Nanning Branch Established the Green Forest Loan to Support Biodiversity Development**

Case

Biodiversity brings vitality to the Earth, and forests serve as vital sanctuaries, protecting life from wind and rain while nurturing the soil with their roots. Nanning Branch of the Bank has bolstered its support for forest cultivation enterprises, recognising their role in fostering biodiversity. Through the introduction of the “Green Forest Loan”, the Branch extends financial backing to forestry and related green industries in line with national credit policy guidelines. In February 2023, a loan of RMB 35.8 million was extended to a bamboo forest company in Guangxi province to facilitate the cultivation of forest trees and safeguard the forest ecosystem.

### **Nanchang Branch Innovated Carbon Sink Pledge Loans and Forest Rights Mortgage Loans**

Case

Nanchang Branch of the Bank provided a credit line of RMB 20.8 million for a carbon sink pledge loan and RMB 49.2 million for a forest rights mortgage loan to a forestry company in Jiangxi Province. The carbon sink pledge loan is secured by the existing and future receivables associated with verified voluntary emission reductions (China Certified Emission Reduction) from the company’s registered afforestation projects spanning from 2016 to 2021. Meanwhile, the forest rights mortgage loan is collateralized by the company’s ownership of more than 40,000 mu of self-owned forest resources, encompassing land use rights, ownership of forest trees, and rights to use forest trees. Leveraging local forestry resources, the Branch revitalizes carbon assets and provides financial flexibility through diverse channels, contributing to local forestry development and biodiversity conservation initiatives.

#### **4.1.6 Building Capacity in Green Finance**

With an emphasis on cultivating employees’ awareness of green finance and building their capabilities, the Bank conducts various specialized training sessions focusing on the Bank’s overall green finance strategic planning, application of distinctive products, research on dual-carbon industries, internal policy studies, and sharing of industry experiences. Furthermore, the Bank actively engages in industry exchanges to share and assimilate the best practices and accomplishments in green finance.

In November 2023, aiming to bolster green finance expertise and business promotion skills, the Bank conducted specialized training sessions geared toward enhancing proficiency in green finance operations. A total of 37 Branches and Sub-Branches sent staff from their respective green finance departments to participate in the training. The curriculum encompassed a range of professional subjects including industrial development, project identification, industry research, carbon market operations, carbon accounting, etc. Practical sessions were held on topics like green labelling, green bonds, green finance, carbon accounts, and financial technology. These sessions facilitated a

comprehensive understanding of the multifaceted aspects of green finance development for all participants.

The Bank launched green finance-related training topics on “e-Enterprise Learning” for all employees, including electronic courses such as *Training on Corporate Business Products (Training on Recognition of Strategic, Green, and Agricultural Label)*, *Bank ESG Beyond Green Finance, Improving Ecological Environment and Promoting Green and Low-carbon Development*, *Promoting Green Development Transformation*, *Promoting Green Development for Greater Harmony Between Man and Nature*, *Interpretation of China CITIC Bank’s Management Measures for Funds Raised by Green Finance Bonds (Trial)*, and *Responding to the National Call and Practicing Green Credit, A Case Study of Post-insurance Outward Bills*. As of the end of 2023, a total of 54,191 employees participated in online course learning, accumulating a total learning time of 96,252 hours.

<p style="text-align: center;"><b>Nanning Branch Participated in the First World Forestry Congress to Strengthen Green Cooperation in the Forestry Industry Chain</b></p>	<p style="text-align: center;"><b>Case</b></p>
<p>In November 2023, the Nanning Branch of the Bank was invited to participate in the 1<sup>st</sup> World Forestry Industry Conference jointly organized by the National Forestry and Grassland Administration (NFGA) and the Guangxi Zhuang Autonomous Region Government. With the theme of “Green Forestry, Win-Win Cooperation”, the conference focused on the forestry industry, the largest green sector, highlighting the importance of green and high-quality development. Nanning Branch actively engaged in the conference, and introduced its innovative financial products in forest engineering &amp; construction, modernization of the forestry industry chain, and green development of low carbon, laying a solid foundation for deepening green business cooperation with various levels of units in the forestry industry chain.</p>	

## 4.2 Responding to Climate Changes

Currently, global climate change presents a dire situation. The latest *Global Risks Report* released in 2023 by the World Economic Forum highlights “failure of climate action” as the most severe risk worldwide for the next decade. The Bank is actively fulfilling its environmental and social responsibilities by proactively identifying climate-related risks and opportunities, putting forward practical and feasible measures to tackle these challenges, strengthening its level of risk management system development and practices, and safeguarding against potential systemic financial risks brought by climate change.

### 4.2.1 Climate Risks Management Framework

The Board of Directors of the Bank holds ultimate responsibility for comprehensive risk management, including climate risks. The Risk Management Committee of the Board of Directors, authorised by the Board, fulfils its relevant responsibilities for comprehensive risk management. The Board of Supervisors undertook the supervisory responsibility for comprehensive risk management and supervised and inspected the duty performance of the Board of Directors and the senior management in risk management, and supervised the remediation efforts. The senior management implemented comprehensive risk

management tasks and executed the resolutions of the Board of Directors.

### CNCBI Advanced Comprehensive Climate Risk Management

### Case

The Bank's subsidiary, China CITIC Bank International (CNCBI), integrates climate risks into its comprehensive risk management framework, establishing a clear climate risk governance structure to drive climate risk management from top to bottom. The Board of Directors is the highest supervisory body for climate risks, authorizing the Credit and Risk Management Committee (CRMC) to assist the Board in fulfilling its governance responsibilities related to climate risks. The CRMC authorizes executive-level committees to manage climate risks in their respective areas. CNCBI integrates climate risks into its comprehensive risk management policies and clarifies the transmission pathway and risk preferences for climate risks while conducting annual reviews of relevant risk management policies, procedures, and systems to ensure their adequacy and effectiveness. In 2023, CNCBI completed its first information disclosure on climate risk under the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

#### 4.2.2 Climate Risks Management System

Centering on the national “carbon peak and carbon neutrality” goals, The Bank continuously enhanced its climate risk identification, assessment, mitigation, and reporting processes through top-level design, organizational guarantee, risk control, and capacity enhancement, aiming to improve the Bank's climate risk management capabilities.

In terms of top-level design, the Bank formulated the *Development Plan for Green Finance of China CITIC Bank (2024-2026)* and integrated the green transition to its development strategy. It also formulated the *Plan of China CITIC Bank on Building a Green Bank* to take the prevention and response to climate risk as keys to green banking development.

In terms of organization guarantee, the green finance management promotion work team of the Bank was responsible for improving the green finance management system and promoting the building of ESG management system mechanisms, so as to improve the environmental risk management policies and procedures and enhance the environment and climate risk stress test.

In terms of risk control, the Bank actively engaged in the identification, assessment, and management of climate risks, incorporated ESG and climate-related risks into its comprehensive risk management system, explicitly requiring effective identification, monitoring, and control of environmental, social, and governance risks in business activities. It focused on identifying potential harms to the environment and society and associated risks that may arise from construction, production, and operational activities due to governance deficiencies and inadequate management by clients (financing parties) and their major contractors and suppliers.

In terms of capacity enhancement, the Bank closely monitored the domestic and overseas regulatory policies for climate risk, timely optimized the countermeasures for climate risk, strengthened the professional study of key industries, attached great importance to the impact of environmental and climate changes on the industry, and

improved the scientificity and forward-looking perspective of business operation and risk control. It paid continuous attention to the advanced methods for climate risk management and constantly improved the capabilities for environmental and climate risk control.

#### 4.2.3 Identification and Evaluation of Climate Risks and Opportunities

The Bank actively carries out the identification and evaluation of climate-related risks and opportunities, establishing and improving processes for analyzing environmental and climate-related risks and opportunities to enhance its environmental management capabilities. Under the recommended framework by TCFD, the Bank has developed and improved risk response measures around the impact of physical risks and transition risks on related risk types.

Risk type	Climate risk factor	Risk countermeasures
<b>Credit risk</b>	Due to damage to the real economy caused by extreme weather and natural disasters, the collateral of the Bank may be depreciated. During the decarbonisation and carbon reduction of enterprises, due to increase in enterprise operation costs caused by equipment upgrade and technology iteration, the solvency of enterprises may be affected.	Efforts shall be made to enhancing relevant credit policies and focusing on the national green policy orientation by incorporating environmental and climate risk assessments into the entire credit business process management to strictly implement differentiated credit mechanisms and the "one ballot veto system for environmental protection projects".
<b>Market risk</b>	Due to adverse impact of climate change on market prices of bonds, stocks and commodities, the value of bank assets may be affected.	The Bank will closely monitor the market and customer demand orientation for green-related product services, and enhance the development and innovation of the products and services.
<b>Liquidity risk</b>	Due to loss to the real economy brought about by climate change, banks may be unable to acquire adequate funds with reasonable financing costs to meet liquidity management requirements.	The Bank will closely follow the market trends, monitor, analyse and sort out customer operating conditions, deploy relevant buffering and response measures, and reduce liquidity shortage risks.
<b>Operational risk</b>	Due to damage to infrastructure and interruption of supply chain caused by extreme weather, the business continuity of banks may be affected, or banks may	The Bank will strengthen business and operational continuity management. It will establish a business continuity management system, formulate emergency plans,



	fail to adapt to changes in public policies and rules and regulations in a timely manner.	and conduct regular drills to ensure the continuity and operational security of its operations.
<b>Reputational risk</b>	Negative public opinions that are unfavourable for climate and environment improvement may cause damage to reputation of banks.	The Bank will actively implement low-carbon operations, leverage industry advantages, vigorously develop green finance, and establish a responsible corporate image. It will strengthen monitoring and analysis of public opinions related to environment and climate, thereby establishing a sound prevention and response mechanism and mitigating the impact of negative events.
<b>IT risk</b>	Due to failure of existing technologies and equipment or damage to data infrastructure caused by climate change, banks may be under financial loss and information security risk.	The Bank will optimise and improve technical software and equipment and strengthen the capacity of IT personnel to enhance its resilience against technological risks.

In addition to actively identifying climate risks, the Bank explores deeper climate opportunities. Aligned with the national “carbon peak and carbon neutrality” strategies, the Bank pays close attention to the financing needs of industries undergoing decarbonization and green transformation, particularly in areas like equipment replacement, technological upgrades, and the adoption of energy-saving and carbon-reducing technologies, actively advocating for the green transformation and modernization of traditional industries. The Bank also seizes opportunities in emerging green sectors such as photovoltaics, lithium batteries, and new energy vehicles by enhancing the dual integration of product technology innovation and application scenarios, expediting the development of green finance scenarios, and assessing climate opportunity points aligned with its business capabilities, thus striving to achieve more significant and superior green benefits.

#### 4.2.4 Climate Risk Stress Test

The Bank’s Board of Directors supervises climate risk stress tests and dynamically adjusts the industrial loan strategy based on the evaluation results of the tests.

In the fiscal year 2023, the Bank continued to conduct climate risk stress tests, covering all corporate business lines. With the end of the third quarter of 2023 as the baseline, the Bank assessed the potential impact of the corporate business transformation on the asset quality of the corporate business by 2030. The test results indicated that by 2030, the scenario with the lowest NPL ratio is the Delayed Transition, while the scenario with the highest NPL ratio is the divergent net zero. In the greenhouse scenario, the impact of Nationally Determined Contributions on the Bank’s asset quality is slightly greater than that of the current policies. In the disorderly scenario, the impact of the divergent net zero

on the bank's asset quality is greater than that of the delayed transition. Overall, the risks of climate change on the Bank's overall credit asset quality before 2030 are limited, and the risks are generally manageable.

For more information on climate risk management, please refer to the ESG section under "Information Disclosure - Environmental Information Disclosure (TCFD) Report" on the Bank's official website (<http://www.citicbank.com/>).

### **4.3 Carrying out Green Operation**

The Bank complied with national policies and requirements on energy conservation and environmental protection, such as the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Energy Conservation, Water Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*. It formulated the *Guiding Opinions on Green Office of China CITIC Bank*, set up green operation objectives and actively promoted green operation practices. It also adopted measures related to green operations and constantly managed environmental footprints in 4 sectors of energy, water consumption, paper consumption and waste, to reduce resource consumption and pollutant emissions.

#### **4.3.1 Environmental Objectives**

**Energy-saving and carbon reduction objectives:** The Bank will gradually establish and improve an energy-saving and carbon reduction policy management system, improve internal carbon management through capacity development, cultivate the carbon awareness of employees, and comprehensively reduce the carbon emission caused by routine operation and office. To promote energy conservation and emission reduction in headquarters buildings, the Bank will choose LED lamps when adding and changing lighting lamps and will strengthen the management of official vehicles to promote green transportation. The Bank will constantly improve the operation efficiency, and optimise the power use efficiency to the best.

**Waste reduction objectives:** The Bank will require professional institutions to process various garbage, and will deliver all the waste electrical and electronic equipment of the Bank to the manufacturers with relevant environmental protection qualifications for processing.

**Water-saving objectives:** The Bank will consistently improve the refined water resources management and gradually improve the use rate of water-saving appliances, and will fully select water-saving appliances when adding and changing water equipment by 2025 and will carry out water-saving promotion activities throughout the Bank.

In the future, the Bank will further strengthen the identification and management of carbon or water footprint, refine the timetable and road map of energy-saving, carbon emission, water saving, and waste reduction, and support to achieve the objectives of "carbon peak and carbon neutrality" ahead of schedule.

#### **4.3.2 Green Operation**

##### **4.3.2.1 Energy Management**

The daily energy consumption of the Bank mainly comes from fuel consumption of

official vehicles, natural gas for restaurants and kitchens, air conditioning, lighting, etc. The Bank adopted several energy-saving measures to promote carbon emissions reduction in operation.

### **Official Vehicles Usage**

- It complied with the equipment and procurement standards for official vehicles and chose NEVs over others when buying new cars, to control fuel consumption at the source of emissions.
- It strictly acted on the provisions on the use of official vehicles and strengthened the management of statistics about fuel consumption by official vehicles by creating a uniform ledger.
- Employees were advised to use public transportation for business activities whenever possible, and reasonable plans were made according to the number of passengers, routes to destination and weather conditions so as to promote green commuting.

In 2023, the Bank issued the *China CITIC Bank Code of Conduct on Official Vehicle Usage (Version 1.0, 2023)*, as the policy for standardized official vehicle usages. It also developed and launched the “Official Vehicle Reservation” platform, digitising the approval and registration process for official vehicles.

### **Natural Gas Usage**

- Natural gas valves were closed in time to reduce natural gas consumption; a gas consumption ledger was established, and the statistics ledger was analyzed and summarised on a monthly basis.
- Facilities in the restaurant were updated, and new energy-saving stoves were installed.
- Natural gas pipelines were checked on a regular basis to prevent natural gas leakage, and pipelines with problems were processed.

### **Lighting System**

- All floors of the Bank’s headquarters building use LED energy-saving lights. It preferentially chose energy-saving products when purchasing lamps and electric appliances.
- Lighting facilities were power out in unoccupied offices and meeting rooms. During a lunch break, the central control system of the headquarters building automatically shut down the lighting facilities in the office area except for necessary fire safety lighting. After work, the system automatically shut down the lighting facilities on each floor at 19:30. Office equipment such as computers, fax machines and duplicators were set in power-saving mode at the designated time and electric power was required to be shut off after work. During weekends, lighting should remain shut down. If overtime work is required, it can be manually turned on, and it will be automatically turned off at 11:00 AM, 3:00 PM, and 6:00 PM.

### The Shenzhen Branch Replaced Energy-efficient Lighting Equipment for Green Operations

Case

In early 2023, the Shenzhen Branch of the Bank replaced aging light fixtures in its building's lighting system with energy-efficient LED tubes and bulbs. The headquarters of the Shenzhen Branch originally had a total of 1,620 various types of old-fashioned light tubes and bulbs from the 5th to the 10th floor. After the replacement, an average of 300 kWh of electricity can be saved per day, with an estimated annual average electricity saving of 78,000 kWh. This resulted in nearly RMB100,000 in annual electricity cost savings, significantly reducing energy and material consumption as well as operating costs for the branch, thereby enhancing operational efficiency.

#### Air Conditioning System

- The air conditioning in the office area of the head office building was controlled by a central control system and switched automatically among different modes. The exhaust air flow rate was automatically adjusted in different periods. After 6 p.m. on working days, the air conditioning automatically stops running. The air conditioning was closed on Saturdays, Sundays and public holidays.

- The central control system collected and monitored the air-conditioning energy consumption in real-time to strengthen the management of energy consumption in the buildings. The data was stored via a third-party platform and the data analysis was conducted to improve the energy efficiency ratio of air conditioning.

#### 4.3.2.2 Water Resource Management

The Bank promoted the use of water-saving appliances and strengthened the maintenance and repair of water equipment to continuously refine water resource management. Janitorial staff in the restroom should always pay attention to the status of the faucet switches to prevent situations where faucets are left open when no one is present. Break rooms were equipped with drinking fountains and the filters were changed regularly. It required the staff to turn off the tap immediately after use, and strengthened inspection and accountability, so as to avoid water waste.

### The Shanghai Branch Took Multiple Measures to Become a Water-efficient Unit

Case

In 2023, the Shanghai Branch of the Bank conducted water balance testing, including on-site investigations of water usage, water source structures, water consumption, and existing problems. Corresponding equipment was renewed and renovated, and the Branch was approved and accepted as a water-efficient unit. During this period, the Shanghai Branch upgraded the in-building water metering system, adding 9 secondary water meters, 2 tertiary water meters, and 2 sets of flow meters, thereby refining water metering and enhancing the Branch's management of water usage. Additionally, a 0.5 cubic meter rainwater collection device was installed on the roof

of the tower building to collect rainwater for the daily maintenance and irrigation of green plants, thereby reducing water consumption and waste.

#### 4.3.2.3 Paper Management

The Bank advocated the concept of the paperless office and promoted the usage of e-mail instead of printing and copying. Double-sided printing model was set as default, and paper weight in the headquarters was reduced from 80g to 70g. The Bank required that business cards should be made of recycled paper and electric business cards were also available to reduce the use of paper cards.

The Bank established an electronic procurement and performance system to achieve end-to-end online management of tendering, procurement, and contract fulfillment processes. Through the procurement system, a total of 234 projects have been executed, saving approximately 2 million sheets of paper. Furthermore, the procurement sharing platform has been further optimized to achieve full electronic processing of contract preparation.

For corporate customers, the Bank launched CITIC Invoice Pass, an efficient invoice management product. As of the end of 2023, it had provided the whole-process electronic invoice management services including collection, verification, reimbursement, archive and signature authentication for 21,017 corporate customers, helping enterprises to realize paperless electronic invoice management. As one of the first pilot banks for accounting data standard of electronic vouchers authorized by the Ministry of Finance, it provided e-vouchers in OFD such as bank receipts and full-page bank reconciliation for 9,775 direct-connected customers and 1,080,900 online banking customers on a cumulative basis, accelerating the process of digital financial management of corporate customers. The Bank strengthened the promotion of e-vouchers, with over 324 million corporate e-vouchers downloaded throughout the year, saving at least 162 million sheets<sup>9</sup> of paper vouchers, thereby contributing to the low-carbon transformation of society.

The Bank also provided customers with fully online products, such as the “CITIC Guarantee - Fast Application” automated credit product, which supports corporates in completing full processes online, such as the applications of Letters of Guarantee, business approvals, fee accounting, etc., thereby significantly reducing processing time while saving paper.

#### **CITIC Wealth Management Launched the Initiative of Small Warm Elephant Environmental Protection Ceramic Cup to Encourage Employees To Participate in the ESG Practice.**

Case

In 2023, to encourage employees to participate in the ESG environmental protection practice, the wealth managers of CITIC Wealth Management, the Bank's subsidiary, launched the initiative of Small Warm Elephant Environmental Protection Ceramic Cup coupled with a “Bring Your Own Cup for Coffee” green discount campaign. Under this initiative, each time an employee uses their own reusable cup to purchase coffee, they are entitled to a discount of RMB 3 per cup, aiming to inspire employees

<sup>9</sup> Calculated based on printing two vouchers on one A4 paper.

to buy and use these cups instead of disposable paper cups. By integrating environmental protection practices into everyday life, CITIC Wealth Management consistently enhanced its employees' awareness of environmental protection and strengthened their sense of responsibility toward preserving the environment.

### The Ji'nan Branch Explored E-processes for Paperless Online Office

Case

The Ji'nan Branch of the Bank actively promotes a paperless office, encouraging online circulation and approval of internal documents, files, and materials. In 2023, the usage of A4 paper and the consumption of printer toner saw a significant decrease compared to previous years. Additionally, the Ji'nan Branch continuously explores online business processing, introducing 16 new electronic processes such as the "Discount Application Form of Safe Deposit Box Business" "Counter Business Authorisation & Approval Form" and "Notice on Deposit Unfreezing/Disbursement/Account Closure". In 2023, over 5,000 online approvals were completed, greatly enhancing work efficiency and reducing paper waste.

#### 4.3.2.4 Waste Management

Waste generated during the Bank's operation includes both hazardous waste and non-hazardous waste. For each type of waste, the Bank took scientific and reasonable measures to handle it as appropriate.

##### Disposal of Hazardous Waste

The Bank entrusted the original manufacturers or integrators to scrap and recycle the add-acid batteries generated during daily operations and office work and delivered the waste toner, waste ink cartridges and other waste generated by printing equipment to the professional companies with qualifications for replacement or recycling.

##### Disposal of Non-hazardous Waste

For domestic and restaurant kitchen waste, the Bank sorted them as recyclables and non-recyclables and used garbage bins with different colors for "kitchen waste", "other garbage" and "waste oils and fats", all of which were managed by designated personnel and not left sitting out overnight.

The Bank's IT equipment is recycled and disposed of 100% by professional companies for retired electronic equipment. The companies shall possess a "waste electrical and electronic products disposal environmental protection qualification certificate" authorized by the Municipal Bureau of Ecology and Environment. Before recycling, the data storage media such as hard disks and tapes of the scrapped equipment were disassembled in the Bank's service room, and the data were cleared and the carrier was destroyed (demagnetization and punching).

#### 4.3.3 Green Outlets and Data Centres

The Bank has consistently upheld the principles of low-carbon and green

development. In the relocation, reconstruction, decoration design and building materials of outlets, greater emphasis is placed on environmental protection, health and comfort, safety and compliance. The Bank mandates that the building materials used by suppliers meet environmental standards. Additionally, there is an increased utilization of factory-made products to minimize dust and noise pollution during on-site construction to mitigate adverse environmental effects.

As of the end of the reporting period, the Bank has constructed and put into operation a total of two green outlets, namely, the Xinyang Yangshan Green Sub-branch and the Huzhou Anji Green Sub-branch. In addition, the first carbon-neutral outlet (Huzhou Deqing Sub-branch) is under construction.

<b>Establishment of the Huzhou Anji Green Sub-branch, the Bank's Second Green Sub-branch</b>	<b>Case</b>
<p>In November 2023, the Bank's second green sub-branch, the Anji Green Sub-branch in Huzhou City, was approved for establishment. Leveraging the policy advantages of the Huzhou Green Finance Reform and Innovation Experimental Zone, the Huzhou Anji Green Sub-branch embraced the development concept of "Lucid waters and lush mountains are invaluable assets", supporting green and low-carbon initiatives, ecological environment improvement and restoration, green agriculture, and water environment governance. Currently, more than 50% of the Branch's loans are green loans. Huzhou Anji Green Sub-branch, in line with rural revitalization efforts, continued to deepen the connotation of green finance, creating demonstration projects for green finance to support the development of green industries in Anji. Additionally, the Sub-branch adhered to the concept of green and low-carbon operations, advocating for green commuting and a paperless office among its staff, striving to become a benchmark outlet integrating green elements and green development concepts.</p>	

<b>China CITIC Bank International Opens First ESG Flagship Branch</b>	<b>Case</b>
<p>In February 2024, China CITIC Bank (International), a subsidiary of the Bank, officially opened its first ESG-themed flagship branch in Tsim Sha Tsui, Hong Kong, China. The ESG flagship branch uses solar panels as the exterior wall material, and the three-story solar glass installation is expected to generate 200 kilowatt-hours (kWh) of electricity per month for the branch. In addition to the environmental protection design of the appearance, the ESG flagship branch incorporates the ESG concept in its internal hardware and software. It is equipped with a large number of renewable, non-toxic and low-emission environmental protection building materials, as well as energy-saving LED automatic photosensitive system, which runs in linkage with intelligent constant temperature central air conditioning to reduce daily electricity consumption. The ESG flagship branch has also fully implemented a paperless office system, and actively encouraged employees to participate in</p>	

environmental protection; it is provided with exclusive ESG mobile applications to practice green life in daily operations. China CITIC Bank (International) takes the opening of the ESG flagship branch in Tsim Sha Tsui as an opportunity to promote the development of green finance in an all-round way and help achieve the goal of Peak Carbon Dioxide Emissions and Carbon Neutrality.

For a bank, power consumption in data centers is crucial to energy-saving efforts. The Bank's current data centers, the Beijing Dual-active Production Centre and the remote center in Hefei are all built by leasing service rooms. In 2024, the Bank's self-built service room, the Shunyi Mapo Data Centre, will enter the trial operation phase. It is the first self-built facility, and the Bank fully considers green environmental requirements during the preliminary design and construction stages, with a designed PUE value of 1.33.

#### 4.4 Supply Chain Management

The Bank continues to strengthen supplier management. In 2023, the Bank revised many policies, including the *Management Measures of China CITIC Bank for Centralised Procurement Suppliers*, and the *Management Measures of China CITIC Bank for Centralised Procurement*. These regulations have been further refined to include clauses related to green procurement and sustainable development, thereby strengthening the foundation of the green supply chain system. For information regarding the Bank's anti-corruption policy for suppliers, please refer to the ESG section under "Information Disclosure - Rules and Regulations" on the Bank's official website (<http://www.citicbank.com/>).

As of the end of 2023, the Bank had a total of 18,463 suppliers under centralized procurement<sup>10</sup>, including 18,402 from mainland China, 41 from Hong Kong, Macao, and Taiwan, and 20 from overseas.

##### 4.4.1 Supplier Risk Identification

The Bank's supplier management adheres to the principles of "open admission, strict selection, quantitative evaluation, division of labor, and joint management". Through processes such as pre-procurement performance supervision, in-process qualification review, and post-procurement risk monitoring, the Bank proactively identifies and effectively manages potential supplier risks.

Before procurement, in addition to necessary basic information, the Bank requires suppliers to provide information on corporate social responsibility performance, participation in environmental and public welfare activities, and so on. All suppliers are required to sign a commitment letter, pledging to comply with national laws and regulations related to anti-money laundering, anti-unfair competition, anti-commercial bribery, bidding procurement, green procurement, etc. They must also eliminate any illegal behaviors that affect equity, impartiality, and transparency in procurement.

During the procurement process, the Bank conducts comprehensive audits of potential suppliers based on their professional qualifications, operational capabilities, compliance management, public opinion information, and social responsibility. The focus is on determining whether potential suppliers have any major illegal records or environmental

<sup>10</sup> The scope of suppliers includes suppliers in the centralised procurement platform system of the Bank.



penalties within the past three years. Additionally, we check if they are listed as dishonest executors, participants in major tax evasion cases, or major subjects of serious dishonesty. In 2023, the Bank screened risk information, including environmental impact, for 5,498 suppliers who participated in procurement projects through a third-party data platform. The screening had a 100% coverage rate.

After procurement, the Bank tracks and supervises the execution of contracts, continuously monitors supplier financial information, internal control, legal litigation, administrative penalties, negative public opinion, consumption restriction orders on senior management members, and other risk information, and takes proactive risk control measures. If a supplier has serious problems or major risks, the Bank will take appropriate measures in accordance with relevant regulations, which may include warnings, prohibitions, or exclusion from the list of approved suppliers.

#### 4.4.2 Supplier Management Practices

In 2023, the Bank continued to improve the level and practices of its supply chain management through standardized management, visit, and strengthened training and assessments.

**Enhancing procurement agency management.** The Bank continuously standardizes the agency management. The Bank established a mechanism of quarterly meetings and compliance discussions on integrity, self-discipline, and compliance management. In 2023, it held a total of nine such meetings at the head office level, during which the Bank required agency institutions to strengthen daily management, enhance compliance management awareness, and improve the quality and effectiveness of agency services.

**Conducting on-site inspections of suppliers.** In 2023, the Bank conducted on-site inspections of 76 key suppliers to assess the development trends and latest developments in relevant industries, examine the corporate governance, operational capabilities, service capabilities, and sustainable development of suppliers, timely know the status of supplier management and ESG activities, thereby providing strong support for strategic procurement, category management, rational formulation of procurement strategies, and prevention of supply risks.

**Enhancing training on supply chain management.** In 2023, the Bank organized six sessions of “Centralised Procurement Lectures”, a face-to-face training session, and thematic seminars on ESG. The training focused on practicality, covering the latest national regulations, internal policies, ESG management requirements, as well as the key points and risk factors in the procurement process. Training materials promoting sustainable development in the supply chain were made available to all employees on the Bank's internal website for simultaneous access and learning.

**Encouraging suppliers to use environmentally friendly products and services.** The Bank has updated its policies to **introduce sustainable development concepts and prioritize environmental protection.** This includes adding and optimizing ESG management-related clauses and expanding their scope of application. For example, the Bank advocates the concept of green procurement, prioritizing the introduction of energy-saving and environmentally-friendly suppliers under the premise of controllable risks, thus laying a solid policy foundation for the Bank to carry out green procurement. **The Bank also embeds requirements for energy conservation and environmental protection in**

**the procurement process.** In the demand phase, environmental requirements are gradually included in procurement documents and procurement review content. For example, guarantee measures for green construction can be set as non-price evaluation criteria for engineering projects. During the selection process, environmental reviews are conducted. Suppliers who have received significant environmental and social responsibility administrative penalties within the last three years are restricted or prohibited from participating in the Bank's procurement projects. In the review stage, suppliers that fail to meet environmental requirements will either be disqualified or have points deducted. The Bank has **included provisions in contracts for packaging materials to meet environmental protection requirements and further promote the sustainable performance improvement of the supply chain.**

## Chapter V Centering on Customers and Refining Service Quality



### 5.1 Improving Service Coverage

Upholding the principles of getting closer to customers and communities and providing customers with convenient services, the Bank kept improving the outlet layout. In 2023, to further boost the operating vitality of existing outlets and expand the reach of outlet services, the Bank increased 23 new outlets and relocated about 70 outlets.

As of the end of 2023, the Bank had 1,451 outlets in 153 large and middle-sized cities on the Chinese Mainland. Among them, 307 outlets were in the Bohai Rim<sup>11</sup>, accounting for 21.16%; 299 were in the Yangtze River Delta region, accounting for 20.61%; 239 were in the Pearl River Delta and the Economic Zone on the West Side of the Taiwan Straits, accounting for 16.47%; 269 were in the central region, accounting for 18.54%; 253 were in the western region, accounting for 17.43%; 84 were in the northeastern region, accounting for 5.79%. The Bank had 78 off-bank self-service outlets, 4,482 self-service terminals and 9,131 smart counters. These outlets and self-service facilities covered all provincial-level regions, effectively meeting the financial needs of local customers in different regions.

The Bank continued to increase the coverage of outlets in county areas, contributing to the economic development of the county areas. In 2023, 4 county-level sub-branches, including Guotai Plaza Sub-branch in Zhangjiagang, Rongdong Sub-branch in Xiong'an, Pingyang Sub-branch in Wenzhou, and Longyou Sub-branch in Quzhou, were opened. Among them, Pingyang Sub-branch in Wenzhou is the first outlet in the county. As of the end of 2023, the Bank had deployed 158 outlets and 821 self-service terminals in county areas.

The Bank supported the economic development in remote regions. 67 outlets have been set up in four remote regions, including Qinghai, Yunnan, Guizhou and Gansu, and 5 tier-1 branches, 7 tier-2 branches and 71 outlets have been set up in five minority areas, including Inner Mongolia, Xinjiang, Ningxia, Tibet and Guangxi, effectively improving the financial institution service outlets in the remote regions. Meanwhile, the Bank innovated service models, expanded physical and electronic channels, and made financial services more accessible to customers in remote regions through door-to-door visits and online channels.

<sup>11</sup> The Bohai Rim refers to Beijing, Tianjin, Shijiazhuang, Jinan, Qingdao, and Dalian; the Yangtze River Delta includes Shanghai, Hangzhou, Ningbo, Nanjing, and Suzhou; the Pearl River Delta and the Economic Zone on the West Side of the Taiwan Straits includes Guangzhou, Shenzhen, Fuzhou, Xiamen and Haikou; the central region includes Wuhan, Changsha, Zhengzhou, Nanchang, Hefei and Taiyuan; the western region includes Chengdu, Kunming, Chongqing, Guiyang, Xi'an, Lanzhou, Hohhot, Nanning, Urumqi, Lhasa, Xining and Yinchuan; the northeastern region includes Harbin, Changchun, and Shenyang.

### **Xining Branch Makes Financial Services Accessible to the Qinghai-Tibet Plateau**

Case

A road construction project department of a company is located in the remote hinterland of the Qinghai-Tibet Plateau, where infrastructures are incomplete and living conditions are tough. The project department has many employees who often change jobs. Every month, the financial staff of the company had to carry documents and travel to the downtown of Xining to handle procedures for agency payroll business, which took a lot of time and efforts. Learning the company's difficulty, the Bank's Xining Branch simplified the handling procedures for the company in a compliant way, completing the review and approval process fully online. Also, Xining Branch provided additional intelligent financial equipment for the company, and regularly sent business personnel to the company, offering financial services that integrated account opening, agency payroll business, wealth management, and publicity about financial knowledge. Xining Branch kept expanding the coverage of financial services despite geographical obstacles, helping the company remove difficulties and ensuring timely and safe payment of salaries to rural migrant workers in remote areas.

### **Yinchuan Branch's "Xinmiaodai" Business Benefits the Residents in Areas Without Physical Outlets**

Case

Restricted by factors such as population, economic development, geographical locations, and the scope of management, the Bank's Yinchuan Branch had not set up physical outlets in Wuzhong, Guyuan, Zhongwei and Shizuishan. In face of the growing demands for loans, Yinchuan Branch expanded the reach of products and services. In November 2023, Yinchuan Branch officially launched the "city-wide credit authorization code" of "Xinmiaodai", and completed the "Xinmiaodai" business fully online across the city, effectively meeting the residential demands for financial consumption in areas without physical outlets. As of the end of 2023, Yinchuan Branch signed contracts on the granting of loans worth RMB 13,396,700 through "Xinmiaodai".

## **5.2 Optimizing Customer Experience**

### **5.2.1 Upgrading Outlet Services**

To constantly improve service experience at outlets and increase customer satisfaction, in 2023, the Bank carried out the campaign of "Beautifying Behaviors, Beautifying Operations, Beautifying Halls, and Beautifying Services" ("Four Beautifyings") under themes of "Service Development Season", "Service Promotion Season" and "Service Boom Season" among 1,419 outlets (excluding 32 community/micro and small-sized outlets). In combination with the annual move of creating a new look and forging the brand, the software and hardware environment of outlets have been improved and the service quality of employees has been raised. Meanwhile, the Bank produced videos titled the

*Teaching and Demonstration of Standard Service Quality at the Outlets of China CITIC Bank and the Demonstration by Top 100 Outlets of China CITIC Bank.* Through the demonstration of the service process for each post, the videos explained the key points of services, showed standard service actions and processes, and further standardized the service processes in outlet halls. The Bank gave play to the leading role of three Top 100 Demonstration Outlets, including the Business Department of Zhoushan Branch, Chongqing Yuzhong Sub-branch and the Business Department of Taiyuan Branch, comprehensively improving the service quality of its outlets.

Three Outlets of the Bank were Awarded the “Top 100 Demonstration Outlets”	Case
<p>The “Top 100 Demonstration Outlets for Civilized and Standardized Service of Banking Outlets” award is the highest honor for banking outlets in China. In 2023, the Business Department of Zhoushan Branch, Chongqing Yuzhong Sub-branch and the Business Department of Taiyuan Branch of the Bank were awarded “Top 100 Demonstration Outlets”.</p> <p>The <b>Business Department of Zhoushan Branch</b> is the first outlet in Zhoushan banking industry to receive this honor, and also the only joint-stock commercial bank in Zhejiang Province to receive this honor. Relying on the unique “bridge culture”, the Business Department of Zhoushan Branch deepens the service connotation, enriches the service ecology, and continuously improves the coverage and reach of financial services. <b>Chongqing Yuzhong Sub-branch</b> took “Top 100 Demonstration Outlets” as its goal, and completed its hardware renovation in just three months. 168 civilized and standardized service standards were optimized and implemented one by one, the performance of outlet has been continuously increased and the service capacity has been continuously enhanced. <b>The Business Department of Taiyuan Branch</b> takes the cultural theme of “keeping considerate and optimistic”, respects customers, sticks to its original intention, bravely undertakes the mission of serving the economy and people’s livelihood, and strives to build a first-class financial service brand.</p>	

The Bank continued to upgrade financial equipment at outlets, included split-type embedded intelligent counters into its new edition of outlet construction standards, incorporated ergonomically designed equipment into outlets, and upgraded the “standing up” service into “sit-down” service, and the account manager holds a PAD with portable or embedded devices to respond to the customer’s business requirements in a timely manner, thus boosting customer experience in an all-round way. In addition, the Bank continuously improved channels like online banking, mobile banking, WeChat service account, corporate WeChat account and AI intelligent outbound calls, to fully complement offline services. Mobile banking supported nearby outlet query, business consulting, pre-fill forms, and booking and visit services, making it easy for customers in remote areas to learn about the outlet layout and business hours of the Bank and improving customer visit experience.

### 5.2.2 Caring for Special Groups

The Bank took a package of moves intended for elderly-oriented and barrier-free

transformation, to facilitate special groups like the elderly and the disabled.

Services for visually impaired customers: The Bank developed the *Service Quality Standards Manual of China CITIC Bank*, requiring the provision of amenities for hearing impaired and visually impaired customers in halls, and prepared the edition of the *Common Business Overview of China CITIC Bank* in Braille. The outlets are equipped with wheelchair ramps, tactile sidewalks, courtesy windows, convenience cards for the visually impaired, Braille keyboards, voice-cued ATMs and emergency buttons, etc.

Services for the disabled: All the Bank's outlets are equipped with up-to-standard barrier-free facilities, such as courtesy seats, courtesy windows and barrier-free call service. Approximately 85% of the outlets (with hardware conditions) are equipped with barrier-free ramps and parking spaces, etc. Some outlets are equipped with wheelchairs, mobility aids, and barrier-free cash counters and restrooms.

Services for the elderly: The outlets of the Bank offer bus cue cards, walking sticks, wheelchairs and courtesy seats with arms. Some outlets are even equipped with barrier-free counters, waiting zones for elderly customers, low form-filling counters, low counters, blood pressure meters and other facilities for elderly customers to sit and walk during their waiting. Presbyopic glasses and magnifiers on the form-filling counters can help the elderly read and write. Newspapers and magazines suitable for the elderly are available on the book corner all year around, such as the Elderly Times and Medical Health Care. For elderly customers unable to visit the counters in person, the Bank provides warm door-to-door service, where CITIC staff carry mobile terminals to visit customers and solve their financial needs at their homes.

<b>Zhenjiang Branch Continues to Improve Elderly-Friendly Financial Services</b>	<b>Case</b>
<p>Zhenjiang Branch pressed ahead with the elderly-oriented transformation of financial services, constantly facilitating the financial services for elderly customers. Zhenjiang Branch comprehensively renovated and upgraded the software and hardware at outlets, added elderly-friendly windows, and provided presbyopic glasses, magnifiers, walking sticks, blood pressure meters, first aid kits and other facilities for the elderly, taking good care of every elderly customer with considerate and warm services. For elderly customers unable to visit the counters in person, the staff of Zhenjiang Branch carry mobile terminals to help the elderly customers who have difficulty in going out handle procedures related to account opening, password resetting and ID card information modification. Zhenjiang Branch also launched saloons, where specialists taught elderly customers how to use intelligent equipment, making the elderly dare, want and be able to use such equipment and be integrated into the age of intelligence. As of the end of 2023, Zhenjiang Branch completed elderly-oriented transformation at all subordinate outlets, three of which were honored with the title of “Elderly-Oriented Banking Outlet with Civilized and Standardized Services in Jiangsu Province”.</p>	

Barrier-free transformation of mobile banking and the website: The Bank launched the “Happiness+” version of its mobile banking APP exclusive to special groups like the elderly and visually impaired customers. Designed to be simple, considerate, exclusive and

safe, the version highlights the core functions of banking, simplified the page structure, optimized visual impression and supported the screen-reading feature. The Bank's Mobile Card Space App also offers an exclusive version for special groups. This version adopts designs such as "large fonts", "big icons" and "high-contrast text", provides barrier-free services such as "one-click customer service" and "voice input", and enables an exclusive green service channel for the elderly, in a bid to give them better experiences.

### **5.2.3 Listening to Customers**

Attaching great importance to customers' opinions, the Bank fully realized online management of customer experience through system construction, and ensured that customer problems can be searched, tracked, managed on a closed-loop basis and reviewed. In doing so, a positive cycle to improve services was formed, thus constantly enhancing service quality and customer satisfaction.

#### **Conducting customer satisfaction surveys**

The Bank has in place a complete customer satisfaction survey mechanism that covers diverse channels, including phone calls, texts and videos. After the end of customer service, the system will automatically trigger satisfaction surveys to comprehensively collect customers' comments on services. For the services customers are not satisfied with, the Bank will monitor the service quality and follow up with customers, and develop improvement plans based on the reasons of dissatisfaction, thus improving customer satisfaction and ensuring service quality. In 2023, the Bank's debit card service recorded a customer satisfaction rate of 98.54% across all channels, up by 0.24% year on year; the inbound call service for credit cards saw a customer satisfaction rate of 98.56% across all channels, up by 0.04% year on year.

## **5.3 Improving the Level of Digital and Intelligent Operation**

### **5.3.1 Building an Intelligent Service System**

The Bank deployed intelligent services from the perspective of users, created intelligent solutions across the service chain, reduced the reliance on manual services, and established the intelligent system that combines robots and human services, to deliver users with personalized service experience and unlock the efficiency and power of intelligent services.

#### **Intelligent outlets**

In 2023, the Bank built three intelligent outlets respectively in Beijing, Hangzhou and Nanjing, where embedded mobile intelligent counters, debit cards and Ukey delivery robots, digital human screens, and transparent screens, among other intelligent equipment, were introduced to highlight the service concept of "responding to customers", improve the customer visit experience in an all-round way, and promote the transformation and upgrading of outlets to intelligence, digitalization and mobility.

#### **Intelligent online services**

The Bank continued to improve the serving capability of "AI Manager", its intelligent customer service, in its mobile banking APP. In 2023, this APP further enriched service scenarios, and added two task-based conversations, and also introduced personalized knowledge recommendation, greeting words, and common features, with significantly

improved capability to accurately push knowledge and more friendly page arrangements, to provide customers with more considerate online services. The Bank further refined and upgraded the intelligent services in the Mobile Card Space App, deploying 51 accesses to quickly provide targeted services in the pages and scenarios frequently used by users. The Bank introduced the technology that enables multiple rounds of conversation with intelligent robots, launched seven popular business scenarios, and offered one-stop solutions to address user needs without jumping to another page.

### **Intelligent voice service**

The Bank further leveraged the AI voice service and combined it with manual channels, realizing the customer contact model that features “AI + remote human service” and “AI+wealth managers”. In 2023, intelligent outbound calls served more than 140 million times, up by 83.57% year on year.

### **AI application**

In 2023, the Bank further developed “Xiaoxin”, an ultra-realistic 3D digital human IP, as a digital wealth advisor. “Xiaoxin” can accompany customers in their investment journey, and provide them with intelligent advisory services across the whole process from pre-investment wealth planning, product selection during investment, to post-investment diagnosis and optimization, continuously improving customers’ sense of trust and gains in wealth management. Since its launch in July, “Xiaoxin” has completed 883,000 interactive advisory services in total.

<b>CITIC aiBank Creates Digital Business Hall “Zero Space”</b>	<b>Case</b>
<p>“Zero Space” is the first AI-driven 3D digital business hall launched by CITIC aiBank, an institution affiliated to the Bank. By creating three highlights, i.e., a more interesting 3D digital space, an interactive content community that offers greater fun and a more pleasant financial experience, “Zero Space” reforms the service interaction model of traditional banks, and provides more users with enhanced interactive experience and more intelligent financial life services. According to incomplete statistics, in the first month of the trial operation of the digital business hall, CITIC aiBank APP saw user activity improve by 20%, with the average login time exceeding 15 minutes. In the appraisal for the excellent case of inclusive finance in 2023 hosted by people.cn, “Zero Space”, the digital business hall of CITIC aiBank, was honored the “Innovative Model Award” for its digital and intelligent innovations.</p>	

### **5.3.2 Enriching the Product Matrix**

With deep insight into customer demands, the Bank vigorously carried out product and service innovation, and enriched the retail product matrix to keep up with the times.

**Wealth management business:** In 2023, the Bank first launched “Warm Childhood”, a charitable wealth management product series, agreeing with investors to donate part of the principals and returns of investment to designated charitable and public welfare projects. By implementing the new model of “charity + finance”, the Bank met diverse customer demands for wealth management, and further contributed to finance for good. In



2023, the Bank sold four tranches of charitable wealth management products, and raised more than RMB 5 billion in total. Of them, “Anyingxiang Fixed-Income and Steady-Return Warm Childhood One-Year Closed Type No.3”, a charitable wealth management product the Bank sold as an agent on September 20, 2023 and the first “CITIC Creative Product” launched by the Asset Management Studio of CITIC Wealth Management Committee, raised RMB 2 billion, its upper limit, within two days after issue.

Insurance business: The Bank constantly enriched the modes of supplying products sold on an agency basis, and launched Internet insurance in 2023. In response to the policy of developing the third pillar of the personal pension business, the Bank actively provided customers with exclusive commercial pension products and commercial old-age insurance products.

### **5.3.3 Optimizing Online Channels**

In 2023, the Bank upgraded its mobile banking APP to version 10.0. Guided by an updated philosophy on wealth planning, APP 10.0 aims to be an expert in asset allocation with companion services and an efficient digital experience to help customers achieve financial success. Based on the “three stages and four steps” approach for whole-lifecycle financial planning, APP 10.0 helps customers find the asset allocation solutions that are clear-cut and fit them best. The “Happiness+” pension account book 2.0 refines fund display and pension planning, and recommends more suitable pension products, helping customers unlock new possibilities for a happy elderly life. “Xiaoxin”, an intelligent digital wealth adviser, can communicate with customers on a real-time basis, offering market views and analysis and suggestions on asset allocation, intelligently recommending products based on customer appetite, and helping customers make investment decisions.

APP 10.0 also renovated first-level columns and core basic scenarios, and upgraded service scenarios and functions. In terms of service scenarios, APP 10.0 moved the “Lending” channel to the home page as a first-level main channel, to cater for diverse consumption scenarios like decoration, travelling, house renting and shopping, and tiered credit lines were launched, enabling customers to choose suitable credit solutions quickly. In terms of service functions, APP 10.0 delivered great customer experience based on big data algorithm, and tailored navigation recommendations according to personalized customer demands. APP 10.0 also provided a panoramic view of funds, and integrated account management and query features, to make operation easier for users. The income and expenditure analysis feature was introduced in detailed transaction records, to help customers manage wealth more effectively.

### **5.4 Protecting Customer Rights**

Upholding the people-centered approach, the Bank followed the principle of finance for the people and customer first, strictly implemented relevant regulatory requirements, continuously improved the quality and efficiency of work related to consumer rights protection, and committed to offer consumers financial services with a human touch. During the reporting period, the Bank was rated A by PBOC for consumer rights protection in 2022.

#### **Consumer rights protection management system**

The Bank strictly implemented new regulatory rules, and consolidated the consumer

rights protection management system. In 2023, in accordance with external regulatory policies and requirements, including the *Management Measures for Consumer Rights Protection at Banking and Insurance Institutions*, the Bank comprehensively revised five internal policies, including the management measures for consumer rights protection, the management measures for the protection of consumers' financial information, the management measures for consumer rights protection review, the rules of procedure for the Consumer Rights Protection Committee, and the management measures for quick handling of consumer complaints. Also, the Bank guided and supervised branches to improve detailed rules on implementation in local areas, thus effectively improving the "1+14+2"<sup>12</sup> consumer rights protection management system, and cementing the foundation for consumer rights protection management in an all-round way.

The Bank has established a consumer rights protection management system in which the Board of Directors, the Board of Supervisors, and senior management perform their respective roles.

<p><b>At the level of Board of Directors and Board of Supervisors</b></p>	<ul style="list-style-type: none"> <li>The Board of Directors bears the ultimate responsibility and gives overall planning and guidance for the Bank's consumer rights protection work; the Board of Supervisors supervises how the Board of Directors and the senior management perform their duties of consumer rights protection; the Consumer Rights Protection Committee of the Board of Directors is responsible to the Board of Directors, and guides, supervises and evaluates the work of the senior management and the consumer rights protection departments.</li> <li>In 2023, the Board of Directors and the Consumer Rights Protection Committee of the Board of Directors respectively heard the <i>Summary of Consumer Rights Protection in 2022 and Work Plan for Consumer Rights Protection in 2023</i>, <i>Summary of Consumer Rights Protection in H1 '23</i>, among other special reports, reviewed the <i>Work Plan of the Consumer Rights Protection Committee of the Board of Directors for 2023</i>.</li> </ul>
<p><b>At the level of senior management</b></p>	<p>As the leading body of the consumer rights protection-related work across the Bank, the Consumer Rights Protection Committee set up under the Senior Management is responsible for ensuring that the strategic goals and policies about consumer rights protection are effectively implemented.</p>
<p><b>At the working level</b></p>	<p>As the leading and managing body of the consumer rights protection-related work across the Bank, the Retail Finance Department (Consumer Rights protection Office) of the Head Office has established the Consumer Rights protection Division for consumer rights protection management. All branches have set up their Consumer Rights Protection Committees based on the</p>

<sup>12</sup> "1+14+2" includes 1 basic policy, 14 special policies, and 2 rules of procedure.

	architecture of the Head Office to perform their responsibilities of consumer rights protection management on all business lines.
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### Consumer rights protection training

The Bank developed the *Plan of China CITIC Bank for Employee Training on Financial Consumer Rights Protection in 2023*, and organized multi-tiered online and offline consumer rights protection training sessions that covered all employees, to raise the awareness of consumer rights protection among employees of various business lines and at various levels and regulate their business conduct. In 2023, the training covered nearly 90,000 employees across the Bank.

Online training: In 2023, the Bank carried out the training and examination campaign themed “Learning Consumer Rights Protection by All” among **all employees**, where experts at consumer rights protection were invited to give lectures that covered the *Management Measures for Consumer Rights Protection at Banking and Insurance Institutions*, the *Special Training on Personal Information Protection* and the *Interpretation of the Regulatory Policies about Consumer Rights Protection*, etc. About 58,000 employees attended the training and passed the examination.

Offline training: The Bank organized learning and training about the *Management Measures for Consumer Rights Protection at Banking and Insurance Institutions* among **middle and senior management staff and employees in consumer rights protection posts at the Head Office**, to ensure regulatory policies to be effectively implemented. The Bank carried out special training among **heads of consumer rights protection departments and employees in consumer rights protection posts at branches**, and held training sessions for boosting consumer rights protection at branches themed “Collaborating to Promote Consumer Rights protection”, with the contents including the *Status Quo and Practice of Consumer Rights Protection at Commercial Banks*, *Management of Sales Appropriateness and Marketing Regulation in Consumer Rights Protection*, *Requirements on Personal Information Protection and Banking Practice*, and *Interpretation of the Key Points of Consumer Rights protection Review*. The Bank also organized training about improving consumer rights protection services among **frontline employees across the Bank**.

### Special audit on consumer rights protection

The Bank has formulated the *Audit Management Measures of China CITIC Bank for Consumer Rights Protection*, and carries out audit on consumer rights protection across the Bank on an annual basis, with the contents covering the construction and operation of the consumer rights protection system and mechanism, management of whole processes of operation and services, and the settlement of complaints and disputes. With the focus on consumer rights protection review, information disclosure, principle of suitability, personal information protection, elderly-oriented transformation, compliance of the sales process, and public-related risk control, etc., the Bank pushed the problems identified in audit to relevant audited institutions for rectification in time. In 2023, the Bank carried out audit on consumer rights protection on a rolling basis, covering 25 departments of the Head Office and 20 branches. The special audit on consumer rights protection in 2023 did not reveal any significant shortcomings that could violate or have seriously violated consumer rights.

### 5.4.1 Product and Service Review

The Bank commits to build a complete mechanism for product and service review. By establishing a review and governance structure at the level of the Board of Directors and management, formulating relevant policies and standards, carrying out product evaluation and review, and standardizing the requirements for pre-product launch review, the legitimate rights of consumers can be protected.

The Bank's Board of Directors is responsible for developing the strategies for product innovation and corresponding risk management policies, and supervising the execution of relevant strategies and policies. The Bank included product innovation related risk into its risk management system to unify the management of such risk with other traditional business risks. The Consumer Rights Protection Committee of the Board of Directors is responsible for supervising and guiding work related to product and service consumer rights protection, and pays continuous attention to the risks related to consumer rights protection. The Risk Management Committee of the Board of Directors is responsible for overall risk management, and pays attention to the control over product and service innovation risk.

In 2023, the Consumer Rights Protection Committee of the Board of Directors actively performed its duty of reviewing and supervising products and services, and heard the summary about the work related to consumer rights protection in 2022, the work plan about consumer rights in 2023, and the report about work related to consumer rights protection in the first half of 2023. In 2023, the Bank reviewed 20,060 consumer rights protection cases, up by 84.83% year on year, and raised opinions about 6,224 cases reviewed, 100% of which were adopted. The Risk Management Committee of the Board of Directors heard the *Report on Innovation Related Work across the Bank in 2022*, getting a full picture of the completion of product innovation, major moves taken to manage product innovation and the control of risks related to product innovation across the Bank in 2022.

The Innovation Management Committee was set up under the Bank's senior management, responsible for executing the resolutions of the Board of Directors and Board of Supervisors about innovation across the Bank, managing the innovation projects across the Bank in a coordinated manner, and supervising the implementation of innovation projects.

### 5.4.2 Product Marketing Standards

#### Fair marketing policy

In strict accordance with the *Guiding Opinions of the General Office of the State Council on Strengthening the Financial Consumer Rights Protection*, the *Notice on Further Regulating Financial Marketing and Publicity Activities* and other relevant requirements, the Bank formulated the *Management Measures of China CITIC Bank for Financial Marketing Publicity*. Upholding the principles of "legal compliance, review first, rights aligned with responsibilities, tiered management and operation in the charge of business lines", the Bank managed financial marketing and publicity in a standardized, systematic and professional manner, effectively protecting the legitimate rights of financial consumers.

In 2023, the Bank continued to improve the top-level institutional framework for the management of compliant sales, updated ten policies, including the *Management Measures of China CITIC Bank for the Wealth Management Products across the Wealth Channel*, the *Management Measures of China CITIC Bank for the Sales of Personal Wealth Management Products* and the *Management Measures of China CITIC Bank for the Access and Launch of Asset Management Products Sold on an Agency Basis*, and further regulated marketing activities, to avoid false or exaggerated promotions, and help customers fully recognize product risks and make reasonable decisions.

For more policies about fair marketing, please refer to the Information Disclosure - Rules and Regulations in the ESG section of the Bank's official website (<http://www.citicbank.com/>).

### **Supervisory mechanism**

The Consumer Rights Protection Committee of the Board of Directors supervises the progress of consumer rights protection related work including fair marketing, and the Consumer Rights Protection Committee under the senior management supervises the marketing work carried out by relevant departments, to ensure the marketing activities to be fair and compliant. At the execution level, the Bank's product, customer and channel departments take primary responsibility for financial marketing and publicity, and are responsible for the financial marketing and publicity of respective business lines. The Retail Finance Department (Consumer Rights Protection Office) is responsible for the review and supervision of financial marketing and publicity related to consumer rights protection. The Compliance Department monitors financial marketing and publicity carried out by various departments, conducts due diligence supervision and assessment of problem rectification, and carries out compliance review of the policies and measures related to financial marketing and publicity. The Audit Department includes the management of financial marketing and publicity into the scope of audit and supervision.

### **Special training on fair marketing**

The Bank required all branches to organize at least one consumer rights protection themed training session each quarter, covering financial marketing and publicity, and the standards about product and service sales, and included training results into performance assessment. In doing so, the Bank continuously improved the quality and efficiency of training, and effectively raised employees' awareness and ability of fair marketing.

### **5.4.3 Management of Loan Changes**

The customer must submit the appropriate application materials, and then the Bank may change qualifying loan elements or loan-related information according to the customer's request. The change approval processes vary depending on the elements of the loan and the risks associated with post-loan changes. To improve customer experience and protect customer rights, the Bank provides two post-loan change channels, i.e., "post-loan change through online self-service" and "post-loan change through offline approval". Post-loan customers can file applications via the self-service channel of mobile banking, which will take effect after automatic approval by the system, or file applications offline, which will take effect after approval.

**Currently, all the Bank's personal loan products support advance repayment.**

Advance repayment includes online prepayment and offline prepayment based on the payment channels, as well as real-time prepayment and booked prepayment based on the prepayment methods. The actual prepayment methods are subject to product characteristics, loan agreement terms, and local regulatory requirements, etc.

#### **5.4.4 Debt Collection Mechanism**

Based on regulatory requirements and business needs, the Bank formulated the *Management Measures of China CITIC Bank for Personal Loan Recovery*, *Detailed Rules of China CITIC Bank for Personal Loan Recovery*, *Measures of China CITIC Bank for the Management of Outsourced Personal Loan Collection Agencies*, and *Management Measures of China CITIC Bank for Credit Card Debt Collection*, and carried out debt collection in compliance with laws. The Bank established a complete system for collection management, and developed a complete business management process and a supervision and management mechanism that covers the management of collection strategies, standards, agencies and quality, effectively protecting the legitimate rights of consumers, and driving the healthy and steady development of the collection business.

##### **Scope of application**

The Bank's debt collection policy applies to all the employees of the Bank and its affiliated institutions, and covers various kinds of retail loan businesses and products such as housing mortgage loans, housing pledge loans and unsecured loans.

##### **Working mechanism**

Before the repayment date of loans that are about to mature or be repaid, the Bank will provide reminding services via short messages or phone calls based on customer and product conditions.

Based on a multi-dimensional and standard system, the collection of personal loans is carried out in diverse ways. The forms of collection include self-collection and outsourced collection, and the modes of collection include collection via short messages, AI voice, phone calls, letters or in person. For overdue loans, collection is carried out mainly through short messages, AI voice and phone calls. For overdue loans that haven't been repaid after a period of time, the Bank will resort to self-collection or outsourced collection.

Consumer rights protection is a precondition for the Bank's collection business. The Bank resolutely resists violent collection, and forbids collection targeting the third party unrelated to loans. Collection shall be carried out at a reasonable time, without affecting customers' normal study, work or life. Collection shall be carried out in a civilized way, based on the respect for the legitimate rights of the party concerned, and shall not involve insulting, intimidating, threatening or deceiving the party concerned.

##### **Management of outsourced collection agencies**

The Bank strengthened the management of outsourced collection agencies, made clear the work requirements and operating standards for outsourced collection, and regularly supervised and inspected outsourced collection agencies. The Bank established a regular monitoring and assessment mechanism for outsourced collection agencies, and comprehensively assesses partnering collection agencies on a quarterly basis. In collaboration with the information technology department, the Bank annually carries out

at least one site inspection of the outsourced collection agencies that have been appointed and actually carried out business, with the contents covering the internal control system, employee management, complaint management, consumer rights protection and data security management, etc. of the outsourced collection agencies.

### **Collection training mechanism**

The Bank regularly carries out online and offline training for all the post-loan employees, with the contents covering systems and policies, system application, consumer rights protection and anti-money laundering, etc. In 2023, five training sessions were organized in total. During the reporting period, the Bank also carried out training for outsourced collection agencies on the standards of using the operating system and the key points of information security management, etc.

For more policies and rules about the Bank's collection of personal debts, please refer to the Information Disclosure - Rules and Regulations in the ESG section of the Bank's official website (<http://www.citicbank.com/>).

### **5.4.5 Customer Complaint Management**

The Bank's Board of Directors is the highest decision-making body for the work related to consumer rights protection, and takes ultimate responsibility for consumer rights protection. Based on regulatory requirements and market changes, as well as the implementation of consumer rights protection, the Consumer Rights Protection Committee of the Board of Directors guides and urges the handling of consumer complaints, and supervises the comprehensive, timely and effective complaint management by senior management and the consumer rights protection departments. Besides, meetings are regularly held to review reports about complaint management and other work. Also, the Consumer Rights Protection Committee of the Board of Directors inquires about matters related to compliant handling, urges the branches that receive more complaints to conduct a root cause analysis, and follows up on their rectification.

To further strengthen the building of diverse dispute mediation mechanisms, the Bank encourages the institutions that receive complaints to actively use the rapid compensation mechanism to resolve complaints in a compliant manner, thus improving the efficiency of handling customer complaints. In 2023, the Bank revised the *Management Measures of China CITIC Bank for Rapid Compensation for Financial Consumer Complaints*, which, along with the *Measures of China CITIC Bank for Consumer Complaint Management*, *Management Measures of China CITIC Bank for Resolving Financial Consumer Complaints in Diverse Ways*, *Management Measures of China CITIC Bank for Customer Service Work Orders*, and *Management Measures of China CITIC Bank for Consumer Complaints at the Credit Card Center*, constitutes the special system for customer complaint management of the Bank.

### **Complaint channels and handling process**

#### **Customer complaint channels of China CITIC Bank**

Customer complaint hotline: 95558 Credit card complaint hotline: 40088-95558	Credit card complaint email: 8009995558@citicbank.com	Credit card complaint mail address: China CITIC Bank Building, No. 121, 1st Fuhua Road, Futian District, Shenzhen/518029
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### Locations and Contents of Customer Complaint Channel Notices of China CITIC Bank

#### Offline business channels

In the business halls of all outlets, the hotline, process and other information for customer complaints are made public in the prominent areas, and unified visitors' books are placed in appropriate locations.

#### Online business channels

The hotline and process for customer complaints are made public on the Mobile Banking App of China CITIC Bank. The hotline, email and mail address for credit card complaints are made public on the Mobile Card Space App.

#### Official websites

The customer complaint hotline, the credit card complaint hotline, the complaint process and other information are made public in the prominent area of the official website of the Bank. The hotline, email and process of credit card complaints are made public in the prominent area of the Bank's credit card official website (<https://creditcard.ecitic.com>).

#### Service hotlines

The complaint handling information is made public in the voice prompts and menus of the customer hotline 95558 and the credit card hotline 4008895558. The button "Complaint and Suggestion" has been brought to the first layer of the IVR in the credit card hotline.

#### Product and service contracts

The customer complaint hotline or other complaint channels are provided in these contracts.

The Bank's Customer Service Center is one of the major channels for handling customer complaints. After receiving customer feedback, it will first explain to and comfort customers within its scope of authority, to solve customer problems as much as possible. For the problems that can't be directly solved, it will keep accurate and detailed records and develop work orders in accordance with the management measures for work orders. Then, following the first responder accountability principle, the work orders will be transferred to relevant departments of the Head Office or branches to be handled based on the complexity, urgency degree and customer requirements on the timeliness of handling according to extra urgent, urgent and ordinary levels within 1-3 working days. All work orders of the Bank are managed through a closed-loop process, from complaint receipt to handling and resolution, to ensure that work order handling is complete and



consistent and that customer complaints are resolved in a timely and proper manner.

For more information about the handling process of customer complaints, please refer to the Information Disclosure - Rules and Regulations in the ESG section of the Bank's official website (<http://www.citicbank.com/>).

### **Supervising complaint handling**

To ensure that customer complaints are handled in a timely and proper manner, the Bank's intelligent work order allocation system launches the automatic warning feature, which enables whole-process closed-loop management after a work order is received, and gives short message warnings at different times, to notify the person handling the work order and the person in charge of the superior institution in a timely manner, thus ensuring that consumer complaints are properly handled. Meanwhile, the Bank's Customer Service Center has established an internal inspection mechanism that monitors the compliance of work orders with the settlement standards and the quality of customer callbacks to ensure that customer problems are tracked and resolved in a timely manner, so as to continuously improve the quality of customer service.

### **Complaint handling performance**

In 2023, the Bank handled 267,424 customer complaints across all channels<sup>13</sup>, down by 16.99% year on year. Of them, 23,305 were referred by regulators (including the National Financial Regulatory Administration, PBOC, and other external regulators), down by 2.33% year on year; 243,916 came from the customer service hotline, down by 18.08% year on year; 203 were received through other internal channels, down by 63.29% year on year. These complaints mainly involved credit cards, debit card account management, and personal loans, accounting for 63.74%, 13.84% and 10.08%, respectively. By region, the complaints were concentrated in Guangdong<sup>14</sup>, Jiangsu, and Beijing, accounting for 74.15%, 2.89%, and 2.29%, respectively.

## **5.5 Protecting Customer Safety**

In order to prioritize customer safety in operation and management, the Bank has taken several measures, such as strengthening safe operations at outlets, strengthening product compliance checks, taking various anti-fraud measures, and improving data security and privacy protection networks, with the aim of becoming a bank that reassures customers. The Bank fully recognized various security risks in online and offline businesses, and leveraged physical, technical and manual prevention means to ensure customers' personal safety, fund safety, product safety, and data and privacy security.

### **5.5.1 Personal Safety**

Working to provide customers with a safe and comfortable environment at outlets, the Bank formulated the *Management Specifications of China CITIC Bank for the Construction of Safety Protection Facilities at Outlets and Offices* and the *Specifications of China CITIC Bank for the Acceptance of Safety Protection Work*, among other policies

<sup>13</sup> Excluding repeated complaints and complaints about account management.

<sup>14</sup> As the Credit Card Center of the Bank is located in Shenzhen, the complaints of credit card business were included in Guangdong Province for statistics.

for safety protection management, to regulate the safe operation at outlets. Also, the Bank regularly carries out safety checks and hidden risk screening as part of its daily management.

- All outlets of the Bank have passed the fire control acceptance upon inspection and evaluation by the fire authorities, have in place fire-fighting facilities and equipment and fire safety signs in accordance with national and industrial standards, and organize regular inspections and maintenance to effectively prevent fire risks.
- All outlets (including self-service banking) are equipped with video surveillance systems to ensure that every corner is monitored. The video surveillance systems are also connected to higher-level surveillance centers to enable 24-hour remote monitoring. Onsite and off-site patrols are carried out regularly. Once suspicious persons, equipment or conditions are found, the surveillance centers will notify the patrol workers nearby to head for the sites, and send alarms to the 110 Center at the same time.
- All outlets are equipped with the intrusion warning systems that are connected to the local 110 Center to send alarms with a single click, and also provided with anti-terrorist and anti-riot tools for protection in case of sudden events. All outlets are staffed with full-time security guards and have plans in place to respond to emergencies such as customer injuries, quarrels, or fights. Also, the response to emergencies is emphasized in daily management.

### 5.5.2 Fund Safety

Practicing the philosophy of “finance for the people”, the Bank continued to build the system for preventing telecom frauds, and formulated the *Management Measures of China CITIC Bank for Anti-Telecom & Cyber Fraud in Retail Banking*, basing anti-fraud efforts on processes and standards. The Bank vigorously developed and upgraded risk control technologies, further enhanced the digital capability to prevent telecom network frauds, and built the “Sentry” intelligent anti-fraud system to guard against telecom frauds. Meanwhile, the Bank stepped up collaboration with public security authorities and the telecom operators, consolidating the line of defense against financial frauds.

In 2023, we further refined the “Sentry” retail fraud risk control system, built the capability of risk control featuring human-machine interactions, and established a regular monitoring mechanism for relevant cases. All our local branches developed differentiated standards for graded account management based on local regulatory requirements and risk conditions, to make risk prevention and control more digitalized, intelligent and targeted. In 2023, we intercepted and dissuaded 1,193 defrauded customers, protecting RMB 136 million of funds, and investigated and controlled 85,000 doubtful accounts, intercepting RMB 1.56 billion of funds. Meanwhile, we deepened collaboration with the police, assisting nationwide public security authorities in helping 1,231,200 potential victims and protecting RMB 1.235 billion of funds.

We also established the “Sentry against Frauds” section in our mobile banking APP for the publicity and education purpose. We carried out regular publicity and education activities targeting common forms of frauds, and launched themed publicity in mainstream media like people.cn and xinhuanet.com, greatly raising the anti-fraud awareness and fraud-identification ability of the public, particularly the elderly, and helping to enhance the Bank’s image as a sentry in the public. The Bank’s “Sentry” anti-fraud case was

included by the NFRA into the 2023 typical cases of consumer rights protection, and the Bank was also honored the “Advanced Institution of the China Banking Regulatory Commission” awarded by the Criminal Investigation Department of the Ministry of Public Security and China UnionPay.

### **Wuxi Branch Collaborates with the Policy on the Publicity about “Combating Frauds by All”**

**Case**

In August 2023, Wuxi Branch collaborated with the Binhu Sub-branch of Wuxi Public Security Bureau to launch the public welfare livestreaming themed “Police-Bank Anti-Fraud Collaboration in Summer” in the Hubin Commercial Street, where interactive bullet comments, lucky draws and prize-giving quizzes were used to attract the public. During the livestreaming, the policeman from Binhu Sub-branch gave easy-to-understand analysis of the approach, characteristics and channels of over 10 types of typical telecom frauds, including “pretending to be public security, procuratorial and court workers”, “pretending to be e-commerce customer service workers” and “rebate for click farming”. Special guests were also invited to explain to the audiences the “Cancel Card Campaign” and how to protect personal credit, etc. The livestreaming attracted over 100 concurrent viewers and received more than 3,600 views, 20,000 likes, and 10,000 comments, creating a strong atmosphere of publicizing “anti-fraud by all” and effectively raising the anti-fraud awareness of the public.

Additionally, the Bank utilized its financial and IT expertise to develop new product and service forms, and also incorporated measures to prevent fund risk into the stages of product design and system building, ensuring fund safety from the source, serving special groups such as rural migrant workers and protecting consumers’ legitimate rights.

### **Beijing Branch Conducts Adaptive Renovation to “Nong Xin Tong”**

**Case**

To protect the fund safety of rural migrant workers, the Bank developed “Nong Xin Tong”, a special agency payroll service for rural migrant workers. In 2023, Beijing Branch made adaptive renovation to its internal regulatory reporting system and agency payroll system, realizing unified management and distribution, regulated payment as well as online agency payroll service of salaries to rural migrant workers for general contractors. While ensuring the security of the agency payroll payments to rural migrant workers, the fund payment was timelier and easier, and the trading data was submitted to regulators. In 2023, Beijing Branch opened 277 such special accounts, making RMB 1.328 billion of agency payroll payments to rural migrant workers.

#### **5.5.3 Product Safety**

In strict accordance with various regulatory policies and requirements, the Bank made continuous efforts in product selection, sales organization and business management, effectively protecting the legitimate rights of consumers and controlling sales risks.

**Product access:** The Bank formulated quantitative and qualitative screening criteria to strictly control product risks. A point-based quantitative assessment mechanism was created to manage access to wealth management products, and a comprehensive assessment of both wealth management companies and their products was conducted by using this mechanism. Moreover, the Bank scored fund managers, and screened out the funds with controllable risks and excellent performance as the targets to be launched and customized.

**Compliant sales:** The Bank strengthened management of the sales process, and recommended corresponding products in strict accordance with customers' risk ratings. During the sales process, the sales agencies at various levels and their sales staff gave a detailed product introduction to customers, including terms, investment direction, and returns on investment in various scenarios. Also, they fully disclosed the risks associated with the wealth management products, explained the worst scenarios and investment results in plain language and with necessary illustrations, and made sure that customers got a full and accurate understanding.

**After-sales presence:** The Bank established a product quality control and monitoring mechanism, tracking and monitoring the products that were newly issued, under operation or to be launched, and ensuring the whole-lifecycle management of products. When the products were to be launched, the Bank generated exclusive after-sales retention plans to seamlessly retain the customers' funds and improve their investment efficiency. The Bank focused on improving online interactive experience, revealed market and product changes in a timely manner, allowed customers to read reports about market analysis and the operation of major products as needed, and guaranteed customers' rights to know. The Bank continued to refine the video and audio recording system and the traceable system, boosting the quality, stability and transmission speed of video and audio recording, and strengthening consumer rights protection.

#### **5.5.4 Information Security**

The Bank attaches great importance to the management of information security and the protection of customers' personal privacy, and observes and actively implements national laws and regulations and financial industry standards, including the *Cybersecurity Law of the People's Republic of China*, *Personal Information Protection Law of the People's Republic of China*, and the *Technical Specification for Personal Financial Information Protection*. During the reporting period, the Bank's information system operated steadily overall, without occurrence of any major events related to information system production, cybersecurity, information security and privacy leakage.

#### **Governance structure**

The Bank has established a top-to-bottom governance structure for data security and privacy protection. To be specific, the Board of Directors incorporates information security-related contents into corporate governance, corporate culture construction and business development strategies of the Bank, and supervises and assesses the comprehensiveness, timeliness and effectiveness of information security management as well as the performance of duty by the management; the senior management examines and approves the objectives and strategies of information security management, and guides information security management across the Bank. In 2023, the Bank's Board of Directors reviewed the *2022 Report of China CITIC Bank on Information Technology Risk*

*Management, the Report on Revising the Management Measures of China CITIC Bank for Information Technology Risk, the Report on Re-examining and Revising the 14<sup>th</sup> Five-Year Plan for Information Technology, and the Information Technology Regulatory Rating and Rectification of China CITIC Bank in 2022*, among other major matters related to information technology risks.

The Bank has established the Information Technology Committee under the senior management. The Committee is responsible for reviewing the Bank's informatization plans, annual information development plans, and policies on information technology risks, coordinating the resolution of major information technology risks and information security issues, and monitoring information technology investment, etc. In 2023, the Committee conducted on-site review of the *2022 Work Report on Information Security Management, and the Information Technology Regulatory Rating and Rectification of China CITIC Bank in 2022*, among other major matters related to information security.

### **Institutional building**

The Bank has established a relatively complete management system for customer information protection, and formulated and released policies including the *Management Measures of China CITIC Bank for Information Security, Management Measures of China CITIC Bank for Data Security, Management Measures of China CITIC Bank for Customer Information Protection, and Management Measures of China CITIC Bank for the Protection of Financial Consumer Information*. These policies outline the security requirements for protecting personal information and data throughout their lifecycle (collection, transmission, use, storage, deletion and destruction, etc.). They apply to the Head Office and all branches and cover both personal and corporate customer information obtained, processed, or stored through the provision of financial products and services, etc. While protecting customer rights and respecting their wills, the Bank standardizes control measures including data encryption, least privilege and anonymous processing in the process of collecting and using customer information.

For more policies and rules about privacy and data security, please refer to the Information Disclosure - Rules and Regulations in the ESG section of the Bank's official website (<http://www.citicbank.com/>).

### **Guarantee measures**

The Bank has established a relatively comprehensive customer information security protection management mechanism to enhance its ability to safeguard customer information and ensure data security throughout the data lifecycle, including data resources, data users, and data transmission. During the reporting period, the Bank improved its data security management standards to comply with new regulatory rules and meet internal security needs, and also implemented a more rigorous approach to managing customer data. Additionally, the Bank reinforced its information security building efforts to ensure the security of internal data and protect the legitimate rights of customers.

<b>Data classification and grading</b>	The Bank determined the security levels for customer information and data based on their sensitivity and strengthened the protection of highly sensitive data. The Bank re-examined the overall framework for data security, established the data classification and grading standards and
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	differentiated management requirements, and improved the refined management capability of data security.
<b>Data access control</b>	<ul style="list-style-type: none"> <li>The Bank strictly limited the data range that users can use or the data storage media that users can contact according to the principle of “least privilege”, standardized the approval process of user rights and granted data access rights according to the principle of “work necessity”, and established an account management and recovery mechanism to prevent the risk of overdue use of data.</li> <li>The Bank continuously refined the data flow management requirements. In principle, the personal information of the Bank’s customers will not be shared with or transferred to third parties without the individual consent of the customers or otherwise stipulated by laws and administrative regulations.</li> </ul>
<b>Security monitoring and protection</b>	The Bank established a systematic and regular system for the protection of cybersecurity, as well as a platform-based and intelligent security operation system to safeguard the security of the Bank’s Internet applications and customer data, and prevent cybersecurity risks. Measures include but are not limited to: applying security control to terminals, host machines, networks and data, among others, to realize real-time identification and handling of various abnormal behaviors and external attacks; carrying out real-time security monitoring of fake Bank-related apps, phishing sites, and sensitive information.
<b>Early warning and response</b>	<p>The Bank established a relatively complete working mechanism for early warning and response, to prevent risks related to the security of data and personal information.</p> <ul style="list-style-type: none"> <li>The Bank established an emergency response planning and event reporting process. In 2023, the Bank added or revised over 1,300 emergency response plans, covering application, network, service rooms and security, etc.</li> <li>The Bank developed a drill plan covering typical cybersecurity threat scenarios. In 2023, the Bank carried out over 90 desktop drills targeting infrastructures, cybersecurity and other importance scenarios, basically covering typical cybersecurity threat scenarios of the Bank, and boosting the Bank’s ability in emergency response and security protection.</li> </ul>

### External information security certification

In 2023, the Bank’s mobile banking APP successfully passed the “mobile Internet APP security certification” organized by China Cybersecurity Review, Certification and Market Regulation Big Data Center (CCRC), and the Bank was also honored with the title of “Demonstration Institution of the Security Management of Mobile Finance Customer APP” at the 2023 Beijing International Financial Security Forum & Fintech Standard & Certification Ecosystem Conference. These achievements marked that the Bank has

reached a relatively high level in terms of the personal information protection in financial APP.

The Bank's credit card business passed the ISO 27001 information security management system certification, with the certification scope covering credit investigation, card issue, authorization, accounts and bills, collection and withholding, as well as system development and operation, and information technology planning. In 2023, the Bank renewed the ISO 27001 certification, with the review results indicating that the Bank's overall system ran well.

### **Training and publicity about information security**

Paying great attention to the education and training about information security, the Bank further built the abilities of professional technicians and fostered the awareness of privacy security among all employees, to help them better understand and practice the process and standards about data management. In 2023, the Bank continued to carry out a variety of training, publicity and education activities about information security. **Targeting tech professionals**, the Bank organized 5 compliance warning training sessions and 3 information security training sessions that covered cybersecurity, customer information protection, and CISSP, CISA, ISO 27001 and other contents related to security technologies, to improve their skills related to security work. **Targeting all employees**, the Bank carried out 9 training sessions about security awareness through various methods, including case publicity and online courses. The content covered the requirements for data security and privacy protection management, as well as specific processes to enhance employees' ability to protect themselves.

In addition, the Bank actively publicized cybersecurity knowledge among the public. Through the 2023 "National Cybersecurity Publicity Week" campaign, the Bank held 474 online and offline activities, organized 149 training sessions and skill competitions on the cybersecurity awareness, and distributed 63,000 copies of publicity materials, covering 119,000 people and effectively raising public awareness of guarding against networks frauds and protecting personal financial information.

### **Information security audit**

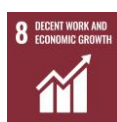
The Bank attaches great importance to the protection of customer information and privacy security, and conducts information security audit once a year. In 2023, the Bank incorporated the management of customer information and privacy security into multiple audit projects, including the special audit on information technology and the special audit on the Technology Operation Center. During the audits, the Bank focused on ensuring the security of customer information throughout its lifecycle, including collection, transmission, storage, use, deletion, and destruction. To achieve this, targeted audit procedures were introduced for identity authentication, access control, communication security, physical and environmental security, safety of external personnel, and other aspects of information security management. The audit revealed no significant defects that may cause or have caused mass leakage of customer information across the Bank in 2023.

CITIC Wealth Management Corporation Limited, a subsidiary of the Bank, annually invites the external third-party agency to conduct external audit on its wealth management business, and includes information security and the information system into the scope of audit, covering information system building, business continuity management, system

authority management and data security management, etc. The audit by the external third-party agency revealed no internal control defects in terms of information security and information system across CITIC Wealth Management Corporation Limited in 2022. The 2023 annual audit report is still being issued.



## Chapter VI Caring for Employees to Grow Together



### 6.1 Building Talent Teams

Considering talents as the “primary resources”, the Bank upholds the talent concept of “uniting those men in progression, inspiring men of action and promoting men with achievement”, deeply pushes forward the implementation of *China CITIC Bank’s 14th Five-Year Plan for Talent Development*, continuously optimizes the talent structure and improves the quality of the talent team, to provide a strong talent guarantee and intellectual support for the high-quality development of the Bank.

#### 6.1.1 Recruiting diversified talents on an equal basis

Based on the Bank-wide development strategy and business goals, the Bank has established a talent allocation mechanism integrating quantity, quality, structure and efficiency with the value as the core. Adhering to the principles of “overall planning, demand orientation, job matching, openness and fairness, and compliance with laws and regulations”, the Bank has introduced excellent talents on all fronts through campus recruitment, social recruitment and other means. By analyzing resume volume and candidate information in our recruitment system, we have established and continuously updated an internal talent market and talent pool, to regularly track job candidates. Through the human resources system, we timely learned the employee turnover rate, analyzed the turnover of important positions, conducted follow-up interviews and took related countermeasures.

The Bank has established the *Management Measures of China CITIC Bank for Employee Recruitment*, clearly stipulating that employee recruitment must strictly comply with national laws and regulations. Any form of employment discrimination or discriminatory terms, including but not limited to ethnicity, race, gender, and religious belief, are strictly prohibited. The recruitment of unemployable workers, including but not limited to child labor, is also prohibited. During recruitment, the Bank strictly complied with relevant laws and regulations, treated applicants equally regardless of their gender, ethnicity, or religious belief, and never used any child labor or other unemployable workers. In the event of a violation, the relevant person in charge will be punished in accordance with *Management Measures of China CITIC Bank for Employee Recruitment*, depending on the seriousness of the violation. During the reporting period, the Bank recruited employees strictly in line with relevant laws and regulations and no child labor or forced labor was found. As of the end of 2023, the 45.78% of the Bank’s employees were male and 54.22% were female. Additionally, ethnic-minority employees accounted for 4.79% of the total workforce.

#### 6.1.2 Optimizing remuneration incentives

The Bank provides employees with competitive salaries and benefit packages, and continuously optimizes the remuneration and benefit systems to share development results with employees.

The Bank follows the principle of equal pay for equal work and fully guarantees that employees of different genders, nationalities and political parties are treated equally in terms of remuneration and benefits, etc. The *Guidelines for Employee Remuneration and Benefits of China CITIC Bank* and other systems were developed to further standardize the distribution of employees' salaries and benefits.

Focusing on value creation, KPI performance, and capabilities, the Bank has continuously adjusted its internal salary distribution structure to allocate more resources to front-line and grassroots employees. The salaries of the employees consist of basic pays and merit pays. Specifically, basic pays are determined by the employees' job value creation and duty performance; merit pays are linked to the Bank's overall operating benefits and the employees' KPI performance and the ability to perform their duties.

In terms of performance appraisal, all cadres and employees of the Bank are subjected to an annual performance appraisal. The Bank comprehensively evaluates cadres and employees based on their political commitment, performance & contribution, professional ability, conduct, integrity & self-discipline, etc. Different offices can conduct semi-annual and quarterly appraisals based on their respective situations. The Bank constantly strengthens the management of performance appraisal processes, streamlines the feedback procedure, and urges supervisors to provide timely feedback on assessment results to employees, and assist employees in analyzing performance and gaps with peers and making progress, thus giving full play to the positive role of performance appraisal and the feedback system and continuing to deepen management of the whole process of performance appraisal.

In terms of welfare, the Bank offers employees social insurance, housing provident funds, enterprise annuities, and supplementary medical insurance. In 2023, we allocated additional resources to support our employees and enhance their well-being.

**Old-age security:** The Bank has established a multi-pillar old-age security system. In addition to the basic old-age insurance, employees under labor contracts who have passed the probation can join the enterprise annuity scheme of the Bank voluntarily after voluntary and equal consultation.

**Medical insurance:** The Bank has established a multi-faceted medical insurance system. In addition to basic medical insurance, according to the *Management Measures of China CITIC Bank for Employee Supplementary Medical Insurance*, the Bank shall purchase supplementary medical insurance for employees under labor contracts who have passed the probation. Items covered by the insurance include outpatient treatment, emergency care, hospitalization, and treatment for critical illness and accidental injuries in designated medical institutions in China.

**Maternity protection:** The Bank provides maternity allowances for employees while they are on maternity leave and formulates the *Employee Attendance Management Measures of China CITIC Bank* to ensure female employees' maternity leave, prenatal check-up leave, breastfeeding leave, and parental leave, etc.

## 6.2 Enhancing Employees' Well-being

### 6.2.1 Ensuring employees' physical and mental health

**We strove to create a safe working environment for employees.** As required by regulatory authorities on work safety, we conducted in-depth investigation and removed

hazards and organized the eighth round of safety assessment and self-inspection throughout the Bank. Also, we improved Safety Committee's management, outsourcing management of security jobs, security duty system and other work systems, promoted grid management, made unannounced inspections, strengthened fire control, held "Work Safety Month", "Fire Safety Month", security skills competition and other activities, and carried out fire emergency drills on a regular basis, in a bid to ensure safe and stable operations. In 2023, no safety incident occurred across the Bank.

**We ensured employees' rights to rest.** The *Employee Attendance Management Measures of China CITIC Bank* and *Labor Contract of China CITIC Bank* clearly stipulate employees' right to take leaves, including working hours, breaks and leaves, labor protection and working conditions, and forbid forced or compulsory labor in any form to protect the legitimate rights and interests of the employees.

**We valued employees' physical health.** To ensure their health, the Bank has urged the employees to take medical checkups on a regular basis. In 2023, approximately 52,900 person-ti2.1.2mes of the Bank took voluntary medical checkups. To help employees better understand their physical health status and master health management knowledge, we invited experts to interpret employees' medical checkup reports and offer them professional advice. Revolving around "Health for All", we organized walking month, sports games, table tennis competition, badminton competition, and other large-scale sports competitions on a regular basis to spur employees' enthusiasm for sports and promote physical fitness.

**We continued to provide employees with psychological care.** The Bank values the management of employees' psychological health and carries out daily psychological construction by regularly sending psychological care tips, promoting mental health knowledge and sharing psychological lectures to support employees' psychology. Employees can get psychological counseling through professional channels such as 7\*24-hour telephone consultation and instant talk, thus solving personal and family psychological problems in time. In 2023, aiBank, an affiliate of the Bank, launched Employee Assistance Program (EAP) through online platforms, on-site consultations, physical and psychological health reports, and micro learning resource on psychological care, to assist employees in addressing distresses in life and work and provide them with systematic and long-term psychological support.

### 6.2.2 Improving employee care

The Labor Union of the Bank cared for the employees to enhance their happiness and sense of belonging. In 2023, to improve the service level, and optimize the caring system, the Labor Union issued *Employee Caring System of China CITIC Bank*, comprising 50 measures to care for employees. The Labor Union provides support to employees during special occasions such as "weddings, childbirth, serious illness, hardship, retirement, and funerals". Throughout the year, the Labor Union supported approximately 55,000 employees and offered financial aid of around RMB 23 million. The Labor Union visited 346 employees in difficulty, poverty alleviation officials, model workers in difficulty and the families of employees who died on duty, and offered financial aid of RMB 2.243 million. Also, the Labor Union organized online quiz on traditional festivals to create a warm atmosphere for employees; invited renowned teachers to interpret enrollment policies concerning the middle and high school entrance exams for over 1,000 children of

employees; and hosted bonding events to build a dating platform for young employees.

The Bank is committed to caring for and protecting the rights and interests of female employees. In 2023, the Bank revised the *Collective Contract of China CITIC Bank for the Protection of Female Employees' Rights and Interests*. The revisions included provisions for preventing workplace violence and sexual harassment, providing assistance and psychological care for female employees with work-related injuries, installing protection facilities, offering emergency leave, regularly distributing health subsidies, providing menopausal protection, and granting half-day leave on Women's Day for female employees. These revisions provide better protection for the legitimate and special rights and interests of female employees, thus further motivating them to contribute to the long-term development of the Bank.

### **6.2.3 Opening up reporting channels**

The Bank has taken democratic management seriously by refining its democratic communication mechanism, enhancing employees' participation in democratic construction, and opening up reporting channels to better understand employees' needs. With such efforts, the Bank has effectively perfected its internal operational processes.

#### **Employee representatives' congress**

With great importance attached to safeguarding the employees' democratic rights, the Bank has established an employee representatives' congress system covering the Head Office, branches and subsidiaries and formulated and issued the *Employee Representatives' Congress Management Measures of China CITIC Bank* to improve the democratic management system of enterprises with the employee representatives' congress as the basic form.

In 2023, the Bank held the third Employee Representatives' Congress of the second session. Before the congress, the Labor Union invited employee representatives to attend the Bank-wide business analysis meetings in the four quarters and hear relevant reports, fully exercising their rights to know, to participate, to speak and to supervise. Through democratic voting, this Employee Representatives' Congress elected presidium members of the Employee Representatives' Congress, members of special committees, and employee representatives, reviewed dozens of important policies regarding the Bank's reform and development and employees' immediate interests, and replied to 120 proposals from employee representatives, with 74.5% of proposals resolved. Therefore, we have given full play to the important role of employee representatives in democratic management, decision-making and supervision.

#### **Providing channels for employees to speak**

The Bank provides employees with smooth channels where they can report problems and put forward opinions and suggestions, such as "President Mailbox", "Department Head Mailbox", Intranet "Work Contact" column, and the "Voice" platform. All employees can send emails directly to the "President Mailbox". The management of the Bank attaches great importance to the mails received in "President Mailbox". Some of the opinions and suggestions therein have been included in the key matters for implementation.

Since June 2022 when the Bank established the unified suggestion platform "Voice", it has received 1.4 million visits and handled over 10,000 issues and suggestions from

primary-level branches. The platform enables timely responses to common concerns, allows front-line employees to solve difficulties and urgent problems, and helps pertinent departments to fill gaps, streamline business processes, and improve the quality and efficiency of business management.

The platform “Voice” respects the privacy and information security of employees. Users can present their ideas anonymously, using a nickname or their real name on the platform. Also, front-line employees can feel comfortable and confident in speaking out. The platform includes a mechanism for responding to all opinions, ensuring “visibility of all processes, traceability of all results, and evaluation of all services”. Each department of the Head Office has an operation team. Once a user request is made, the entire process, including each handling node, handler, and result, can be checked by all. In the meantime, it is the requester who has the rights to conclude a flow. For unresolved issues, users could make a request again and evaluate the whole service process once the request is thoroughly resolved. The platform has a supervision and publicity mechanism that releases satisfaction and operation efficiency data of Head Office departments. Additionally, the platform delivers operation and hotspot reports to senior management of the Bank.

### **Handling employees’ appeals**

The Bank protects employees’ rights to appeal and has formulated the Implementation Measures of the CPC Discipline Inspection Commission of China CITIC Bank Corporation Limited for Oversight and Discipline Enforcement. The Measures outline the procedures for accepting, handling, and providing feedback on appeals made by employees who disagree with disciplinary decisions. The Measures also ensure that appeals are handled in a timely manner. To protect the legitimate rights and interests of employees, those responsible for reconsideration and re-examination are separated from those responsible for initial consideration and examination. Additionally, personnel who were involved in the initial examination and consideration are prohibited from participating in the reconsideration and re-examination process.

The Bank has created a mechanism for employees to appeal their performance appraisal. If an employee disagrees with their performance appraisal, they can submit a written appeal to the Bank’s Human Resources Department. The Department will review the situation, listen to all parties involved, including the employee and their supervisor, and provide handling suggestions to the authorities for approval. Finally, the Department will respond to the employee's appeal. Additionally, the Bank is attentive to employees' career development concerns through channels such as the “Voice” platform and emails. We carefully review and respond to employee inquiries in a timely manner, welcome employee visits, and patiently explain work-related policies to help resolve any issues. With such practical actions, the Bank continuously improves employees’ happiness, sense of security, and sense of gain.

### **Conducting employee satisfaction surveys**

In order to listen to employees’ voices and establish a regular communication channel, the Bank conducted surveys on the satisfaction of human resources management in branches. In 2023, an average of 37.5% of branch employees participated in the surveys. Among them, 91.74% were satisfied or very satisfied, 7.67% were neutral, and 0.59% were unsatisfied.

### 6.3 Empowering Employee Development

The Bank continuously strives to improve employees' career development channels and optimize its training system to provide a broader platform for employee growth and development.

#### 6.3.1 Smooth career advancement channels

The Bank puts efforts to establishing a sustainable career development system and building a fair and just platform for employees. The *Position Sequence Management Measures of China CITIC Bank*, together with other system documents, standardizes the Bank's position sequence system, widens employees' career development path and strengthens the employee team building. As outlined in the Management Measures, the Bank's positions consist of management, professional/technology, and operational support roles. All the positions have clear promotion paths, and employees can also switch between different sequences and sub-sequences.

##### Management sequence

In 2023, the Bank revised *Management Measures of China CITIC Bank for Leaders*, further broadening the horizons and channels of selecting and employing people, and paying more attention to discovery and cultivation of outstanding young cadres and election of cadres from all age groups. In 2023, in light of system requirements and work demands, the Bank publicly selected middle-level assistants and division-level cadres for the Head Office.

##### Professional sequence and operational support sequence

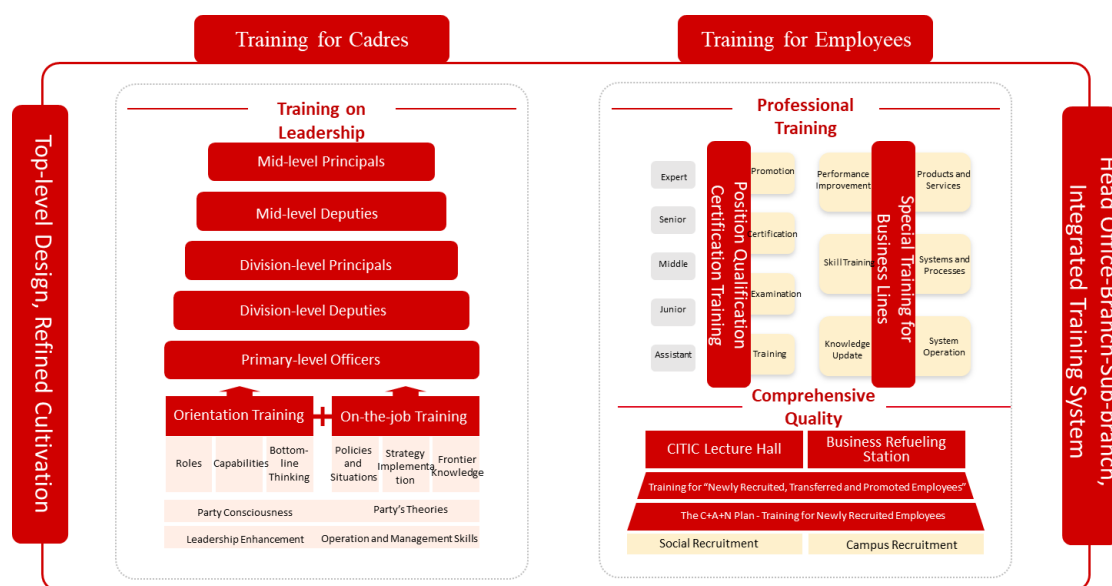
The Bank strengthened the ability- and contribution-oriented evaluation to encourage employees to continue to improve the professional ability, promote and demote employees in an orderly manner, and expand the career development space of outstanding talents, as well as motivate employees to stay aggressive and work hard.

##### Building a talent pool

The Bank actively promotes the construction of talent pool, organizes talent planning and evaluation, and scientifically carries out internal talent selection and external talent introduction. In accordance with China CITIC Bank's development plan and the 14th five-year plan for talent development, in 2023, the Bank pushed forward the "Hundred Ships and Thousand Sails" talent cultivation demonstration projects, and completed the cultivation of thousands of operation and management and professional talents. The Bank also launched the "Original Aspiration Plan" for the first time for party building talent cultivation to lay a solid foundation for the high-quality development of the whole Bank. As of the end of 2023, the talent cultivation demonstration project has selected and trained nearly 7,000 persons, including management personnel at all levels, professional and technical personnel, management trainees, as well as talents in party building. Meanwhile, the Bank pays attention to introducing market-oriented candidates and acquires resumes through external recruitment channels, establishes and improves the internal talent market and talent pool, and matches them with positions needed by various departments to meet the Bank's demand for high-quality talent promptly.

#### 6.3.2 Refined vocational training systems

The Bank continues to establish and improve its multi-layered training system. For employees in different position sequences and career stages, the Bank formulates targeted training plans and selects suitable contents and methods for them, striving to meet the development needs of both the Bank and employees.



### Training for cadres

The Bank sticks to the “orientation and on-the-job” training system for cadres. The former helps new cadres learn about roles and capabilities and strengthens their compliance and bottom-line awareness, and the latter improves their overall qualities and professional abilities in line with the policies and situations and the Bank’s strategic priorities.

In 2023, the Bank organized 5 orientation and 1 one-the-job training sessions through the “Talent Factory” program to cultivate sub-branch managers on party building, strategies, businesses, management, and bottom-line awareness. The Bank also held special training classes for heads of secondary branches on retail business, small and medium-sized customer group management, and digital transformation. Additionally, the Bank provided division-level cadres at the Head Office with team management and leadership development programs to help them better fulfill their duties and responsibilities.

### Training for employees

The Bank offers diversified training resources for all employees, aiming to improve their professional abilities and overall qualities. Professional training courses strengthen employees' professional and business abilities in a targeted manner. The courses cover front, middle, and back offices, as well as various business lines, and are tailored to the characteristics and requirements of different positions. Quality training courses focus on the comprehensive qualities of employees, such as work skills, efficiency improvement, thinking ability, communication and expression, and self-cultivation. Management training courses aim to develop leadership skills at all levels, enhancing cadres' strategic, business, team, and personal leadership.

Training for newly recruited employees: The Bank organizes orientation training sessions for campus and socially recruited employees on corporate culture, customer

service, compliance and anti-money laundering, etc. to help them integrate into the CITIC culture and adapt to their jobs. The Bank has launched a rookie training system, namely, the C+A+N Plan (“C” for Camping Learning, “A” for Action, and “N” for Navigation) to systematically cultivate campus recruited employees.

**Professional ability training:** In line with the work priorities and the requirements of different positions, in 2023, the Bank launched 3,132 training sessions on services, products and systems, etc. for 369,400 person-times in different business lines. For hot topics such as rural revitalization and digital transformation, the Bank invited experts from inside and outside of the Bank to deliver 14 lectures through “CITIC Lecture Hall” and “Business Refueling Station” to spread policies and improve employees’ professional level.

**Digital capacity training:** Well aware that digital transformation is an inevitable trend in economic and social development, and that digital capability plays an indispensable role in empowering employees’ career development and enhancing the Bank’s competitiveness, the Bank has initiated a digital capability training system with CITIC characteristics from three aspects: awareness, ability, and talent. In 2023, the Bank launched the “Digital Capability Training Program 2.0” to popularize basic knowledge of data strategy and data application, further improving employees’ “Digital Intelligence”. A digital skill training program was held for business personnel centering on “Digitalization ABCs + Business Application”. The Bank also provided online Python training camps, and offline training programs on data visualization and project management, to help employees better master commonly used data analysis tools and enhance their digital innovation capabilities.

### **Qualification certification**

The Bank encourages employees to study and take external examinations on professional qualification for their positions in their spare time, and provides expense reimbursement policies corresponding to the qualification certificates obtained by employees. In 2023, in line with business development and talent cultivation, the Bank revised *Management Measures of China CITIC Bank for External Examinations on Professional Qualification*, and dynamically adjusted the list to cover 68 professional qualification examinations, including Chartered Financial Analyst (CFA), Financial Risk Manager (FRM), and Certified Public Accountant (CPA). Throughout the year, we reimbursed the professional qualification certification fees for 6,613 employees, thus encouraging employees to improve their skills and overall performance.

### **External resources and joint training programs with universities**

The Bank arranged for its employees to participate in external training on consumer rights protection, anti-money laundering, inclusive finance, rural revitalization, and other relevant topics. Additionally, external experts were invited to deliver lectures to enhance the employees’ professional skills. The Bank has partnered with 26 universities. In 2023, 92 training programs for cadres and talents of the Head Offices and branches were co-organized, greatly facilitating cooperation between banks and universities.



## Chapter VII Giving Back to Society with Financial Strength



### 7.1 Improving People's Livelihood Continuously

The Bank has always remembered our original mission of serving and repaying society and continued to promote rural revitalization, paired assistance, and public welfare and charity wholeheartedly. Besides, we have actively responded to national public policies, boosted the provision of basic services in people's livelihood, including housing, elderly care, consumption, and "science, education, culture and health", and helped to improve the supply of public services in the whole society.

#### 7.1.1 Facilitating Rural Revitalization

The Bank set up the Steering Group for Inclusive Finance and Rural Revitalization to coordinate and advance the business development of rural revitalization. Additionally, we have developed the "1+5+N"<sup>15</sup> comprehensive service plan for rural revitalization, strengthened the guarantee for policy resources, and continuously improved the capacity and level of serving rural revitalization. By the end of 2023, the Bank recorded a balance of RMB 560,446 million in agriculture-related loans, an increase of RMB 73,516 million or 15.10% compared with the year beginning.

**We have enhanced support for products and services, and improved basic financial services.** The Bank strengthened the construction of county-level outlets by establishing four new county-level sub-branches including Quzhou Longyou Sub-branch. It optimized electronic channels like mobile banking and promoted the accessibility of payment, settlement, investment and wealth management services in agriculture and rural areas. For instance, the "Co-Prosperity and Co-Creation" wealth management products were launched specifically for Haidao County, a mountainous area in Zhejiang Province, in order to expand its investment and wealth management services to this county. **We have diversified the credit product systems.** The Bank focused on important industries and key scenarios, and created new credit products with rural revitalization characteristics. The "Credit e Sales" grain purchase loan, launched innovatively, was designed to provide online financing for grain traders in the grain trading centers of various provinces and cities. "Frozen Product e Loan" is another innovative service that aims to provide financing support for frozen product operators of the largest cold storage cluster in North China. **We have expanded direct financing services.** The Bank promoted the "Commercial Banking + Investment Banking" service mode, and actively offered bond underwriting services. Specifically, we underwrote special bonds of rural revitalization and debt financing instruments for local governments and state-owned enterprises in Fujian, Hebei, Chongqing and other provinces and cities.

**We have enhanced support to key areas.** The Bank continuously increased credit

<sup>15</sup> "1+5+N" comprehensive service plan: Develop 1 characteristic development strategy that combines industry-finance synergy and finance-finance synergy; carry out 5 special actions of "strengthening agriculture, promoting rural revitalization, raising rural living standards, ensuring food security, and empowering rural digitization"; and create N innovative products such as "High-standard Farmland Construction Loan, Forest Right Mortgage Loan" and rural revitalization theme card.

support to key customers and fields such as agricultural and rural infrastructure, grain and agricultural production, and county areas. For example, a loan product was launched in Fujian for “deepwater truss net cage aquaculture project”. It is the first major infrastructure project loan offered by a national joint-stock bank.

### **Lishui Branch Underwrote the First “Old Revolutionary Base + Rural Revitalization” Double-label Bonds in Zhejiang**

Case

China CITIC Bank Lishui Branch actively provided “green channels” for bond registration and issuance in 26 counties in the mountainous areas of Zhejiang. In February 2023, Lishui Branch, as an underwriter, successfully issued the first double-label bonds of “Old Revolutionary Base + Rural Revitalization” in Zhejiang and raised RMB 80 million for a state-owned capital operation company in Lishui. In contrast to conventional bonds, the funds raised by the double-label bonds of “Old Revolutionary Base + Rural Revitalization” are exclusively invested in areas led by national industrial policy and strategies, with a focus on rural revitalization in old revolutionary bases. The funds raised from this bond issuance are primarily used to purchase agricultural and sideline products, which is of great significance for boosting the development of local agricultural brands, raising the enthusiasm in planting and producing local agricultural and sideline products, and helping farmers increase their income and become rich.

### **Fuzhou Branch Implemented the First “Major Agricultural and Rural Infrastructure Construction Project” as a National Joint-stock Bank**

Case

With a view on the regional characteristics of Fujian and a focus on key agricultural industries with county-level economic characteristics, China CITIC Bank Fuzhou Branch implemented the first “Major Agricultural and Rural Infrastructure Construction Project” as a national joint-stock bank in 2023.

The “deepwater truss net cage aquaculture platform”, owned by a Fujian technology company, is one of the major projects in the local “100 Platforms and 10,000 Tonnes” deep-sea aquaculture platform projects. The Department of Science and Technology of Fujian Province recognized it as a major special technological research project of “marine life and seawater resource development and exploitation technology”. However, the limited availability of comprehensive and thorough industry research reports and mature cases for reference results in difficulties for the company to obtain bank financing at the beginning of the project construction. Fuzhou Branch actively approached the company, collected project parameters through active visits and investigations, and formed a research report. Then it tailored an integrated financial service plan for the company and completed various procedures in just one month, such as project initiation, approval, contract signing, and loan extension. This move effectively met the customer’s financing needs and ensured project construction.

### Harbin Branch Released “Grain Farmer Loan”, a New Online Product to Enhance Accessibility of Financial Services

Case

Centred on key fields such as grain safety and the “Sannong” economy (agriculture, rural areas and farmers), China CITIC Bank Harbin Branch released the “Grain Farmer Loan”, a new online financial product for rural revitalization, to solve the problems hindering the development of financial supply in remote reclamation areas. Farmers from reclamation areas can apply for the “Grain Farmer Loan” online via the APP easily and quickly. All loans are approved fast and extended immediately. In 2023, the “Grain Farmer Loan” benefited 113 farms in the reclamation areas with loans totalling RMB 341 million, gaining wide acclaim from farmers in these areas.

#### 7.1.1.1 Targeted Assistance with Financial Services

The Bank has earnestly fulfilled our responsibilities as a state-owned financial enterprise and adhered to the requirements of continuously assuming responsibilities, executing and optimizing policies, providing assistance and conducting supervision even when poverty has been shaken off, in order to maintain the consistency of supporting policies and efforts, and effectively consolidate and expand our achievements in poverty alleviation. By the end of 2023, the Bank’s outstanding loans for targeted assistance stood at RMB 36,982 million, a rise of 12.64% from the end of the previous year. The outstanding loans to previously impoverished areas was RMB 18,651 million, up 16.07% from the end of the previous year.

**We have strengthened the guidance and management of credit extension.** The Bank guided branches to increase credit support to industrial assistance, employment assistance and industrial development in previously impoverished areas. Also, the Bank collated and issued a list of projects or enterprises with remarkable assistance and driving results, and encouraged branches to actively contact the relevant parties to enhance targeted assistance with financial services. We actively carried out microcredit services to people lifted out of poverty. Additionally, the Bank instructed branches to strictly verify identification information, such as people and counties in poverty. It also tightened the credit loan management to ensure that loan funds are actually used for assistance.

**We have increased support for products and services.** The Bank expanded the coverage of services, improved online credit loan products, and extended the services to previously impoverished areas and other key regions by breaking the limitations of physical outlets with the aid of electronic channels such as online banking and mobile banking. The scope of supported enterprises was also expanded by encouraging branches to create new localised products as circumstances and local conditions change, which effectively mitigated the problem of “insufficient assets, inadequate guarantee and difficult financing” for small and micro enterprises in previously impoverished areas.

### Nanning Branch Solidly Adhered to Paired Assistance and Built a Defence Line against Re-poverty

Case

Based on the overall objective of effectively combining the consolidation and expansion of poverty alleviation achievements with rural revitalization, China CITIC Bank Nanning Branch helped the villages find the right direction for rural revitalization, so as to resolutely prevent the risk of re-poverty. Firstly, Nanning Branch kept on tapping featured industries such as pig raising, chicken raising, Camellia oleifera Abel and walnut to release the driving force of rural economy and industry and diversify the channels for villagers to increase their income. It also assisted farmers in applying for bonuses and subsidies and micro-credits. Secondly, Nanning Branch conducted constant dynamic monitoring and inspection of returning to poverty by obtaining up-to-date information on households lifted out of poverty through door to door visits and in-depth investigations. Furthermore, it solved many problems for households lifted out of poverty, such as compulsory education, basic medical care, housing safety, drinking water safety, and stable employment. At present, Nanning Branch has successfully visited all previously impoverished and monitored households in the assisted villages, ensuring that none of the previously impoverished households assisted fall back into poverty.

### **7.1.1.2 Innovative Assistance Practices**

Throughout 2023, the Bank focused on the three aspects of paired assistance, educational assistance, and assistance through consumption.

#### **Paired assistance**

The Bank effectively fulfilled its social responsibilities and provided continuous paired assistance to many places, such as Xaitongmoin County in Tibet, Akesu City and Payzawat County in Xinjiang, Tanchang County in Gansu, Pingbian County in Yunnan, and Qianjiang District in Chongqing. Organized by local governments, 23 branches of the Bank consistently supported 57 villages lifted out of poverty to consolidate poverty alleviation achievements and pursue rural revitalization. By the end of 2023, the Bank dispatched a total of 73 full-time or part-time cadres (including 24 cadres serving as the first secretary and 3 cadres residing at counties (districts)) to 41 villages in 3 counties (districts).

#### **Educational assistance**

The Bank implemented education (talent) assistance projects across the country, mainly to improve the operating conditions of rural (township) primary and secondary schools, support students from disadvantaged families, and develop vocational education and skills training tailored to the employment and entrepreneurship needs of farmers in the villages receiving assistance. Specifically, the Bank donated RMB 3,440,900 through education assistance projects, directly supporting 4,860 students. The Bank has been running the “China CITIC·New Great Wall Senior High School Student Assistance” program in 19 provinces and municipalities. RMB 2 million was donated to help 1,000 students from needy families complete their senior high school. It also donated HKD 1,021,800 to public welfare projects for low-income families and special children in Hong Kong SAR, directly benefiting 430 students.

#### **Assistance through consumption**

Assistance through consumption is an important link for rural industrial revitalization. In 2023, the Bank was devoted to assistance through consumption, and supported the sales of agricultural and sideline products in key assisted areas and counties lifted out of poverty through purchases by Labour Union for welfare payment, canteens, and employees. In 2023, the Bank bought agricultural and sideline products worth RMB 52,999,300.

### Taiyuan Branch Assisted Villages in Diversified Forms

Case

China CITIC Bank Taiyuan Branch solidly promoted paired assistance by setting up a special working team in each assisted village to carry out content-rich assistance in various forms according to their actual situation.

The working team in Qianquyu Village set up the “CITIC Themed Activity Month” and chose an assistance theme for each month. Villagers felt CITIC warmth from the series of activities, such as clothing donations, free physical examinations, and health lectures. Meanwhile, we contacted appropriate enterprises to provide more job opportunities to villagers based on their age structure and educational level. The working team in Langyagou Village organised various training and lectures to impart knowledge and skills in agriculture, technology, and market. Moreover, the working team purchased some film projection equipment at their own expense and held the activity of “bringing film broadcasts to the countryside”, which enriched villagers’ amateur life. The working team in Daoba Village purchased some hair-cutting equipment to give free haircuts to villagers. Mr. Lang Junchao, a member of the working team, was from a family of traditional Chinese medicine. He leveraged his expertise in traditional Chinese medicine to give free medical consultation to more than 1,000 villagers. The assistance activities featured here were carried out by the working teams established by Taiyuan Branch, and helped to build stronger relationships with villagers and improve their satisfaction.

### Kunming Branch Promoted “Enriching Villages with Industries” Based on Local Characteristics

Case

Qianjin Village, Yuping Town, Pingbian County, Yunnan Province is a village that receives paired assistance from China CITIC Bank Kunming Branch. After years of fighting against poverty, the village has achieved “Two Assurances and Three Guarantees” (i.e., assurances of adequate food and clothing, and guarantees of access to compulsory education, basic medical services and safe housing for impoverished rural residents), and drinking water safety. However, because of the high mountains and steep slopes, industrial development there is still weak, and villagers have no sustainable sources of income. Leveraging the endowment of local natural resources, Kunming Branch helped Qianjin Village focus on the green planting industry. The annual output of fruits such as kiwifruit, litchi, loquat and passion fruit reached more than RMB20 million by estimate. Meanwhile, Kunming Branch keenly sensed the local strength of growing vegetables in early winter and has thus organised farmers to participate in planting technology training since 2022, and subsidized them for

seeds, pesticides, and organic fertilizers to raise their enthusiasm for production and to continuously increase their income.

### **Nibo Village Became Rich from Agriculture under the Leadership of an Excellent Secretary Residing at the Village from Chengdu Branch**

Case

Since July 2021, China CITIC Bank Chengdu Branch has started its paired assistance to Nibo Village, Xide County, Liangshan Yi Autonomous Prefecture, Sichuan Province. Liangshan Prefecture is the largest centralized area of Yi people in China and once was one of the contiguous areas of extreme poverty in China, while Nibo Village is the most remote and extremely cold town in Xide County. Lei Jun, the Market Manager of Deyang Branch is the first secretary residing at Nibo Village dispatched by Chengdu Branch at the rural revitalization stage. During his residing at the village, Mr. Lei Jun stay engaged with the Yi people and provided industrial assistance according to local conditions. He proposed the scheme of “goat breeding + apple planting”, and invited external technical experts to impart apple and grape planting techniques. Meanwhile, he led teams to “go out” to learn the breeding techniques of Simmental cattle, Hu sheep and pigs. Under his leadership, Nibo Village gradually became rich. Mr. Lei Jun was awarded the title of “Excellent First Secretary Residing at the Village of Sichuan Province” in 2023.

#### **7.1.2 Serving Public Policies**

In response to the call of national policies, the Bank brought into full play the strengths and characteristics of financial services, and made ongoing efforts in social and livelihood fields such as elderly care, housing, education and health to promote the constant development of social public utilities.

#### **Guaranteeing affordable housing**

The Bank strictly implemented national policies on real estate regulation and control and fully supported reasonable demands for personal housing loans. By the end of 2023, the Bank’s outstanding personal mortgage loans stood at RMB 971,171 million, up RMB 27,083 million from the end of the previous year. In accordance with the requirements of regulators for supporting the stable and healthy development of the real estate market, the Bank provided financial services to ensure the timely delivery of presold projects. During the reporting period, the Bank provided deferred principal repayment services for more than 3,000 eligible personal loan customers and protected their credit rights according to law.

### **Changsha Branch Implemented the Business Mode of “Transferring the Ownership of a House with a Mortgage”**

Case

China CITIC Bank Changsha Branch actively supported the “reforms to streamline administration, delegate powers, and improve regulation and services” by the

Changsha Real Estate Registration Centre. In response to the call for “paperless and contactless” convenience services, digital and online products and services were made available to help people run fewer errands by sharing data. The synchronous business mode of “transferring the ownership of a house with a mortgage” was implemented. Both buyers and sellers just have to “go to the window once with one set of information for multiple businesses at the same time”. This move effectively relieved citizens’ pressure to raise funds and repay loans, lowered the transaction cost, and improved the efficiency of loan use and housing transactions. Changsha Branch completed loan extension through the business mode of “transferring the ownership of a house with a mortgage” in mid-August, making it one of the first financial institutions to launch this business. By the end of 2023, the number of customers benefiting from this business reached 68, and the credit balance amounted to RMB69.85 million.

### **Improving the pension pillar system**

The Bank actively supported the building of the multi-level and multi-pillar pension insurance system. On the premise of sufficiently guaranteeing social insurance services, a system has been built to provide various pension finance products and services. In addition, relying on the Group strengths in full licenses and synergy, the Bank structured an eco-circle of comprehensive pension service to meet the diversified demands from pension finance customers.

Pillar I: The Bank continued to deepen cooperation with the Ministry of Human Resources and Social Security and became a “Cooperative Bank for Social Security Card Innovation and Application Service”. Meanwhile, the Bank launched the CITIC digital service plan for human resources and social security in response to the *Notice of the Ministry of Human Resources and Social Security on Issuing the Implementation Plan on Digital Human Resources and Social Security Construction Action*.

Pillar II: The Bank operated a variety of pension custodian services and the occupational annuity covered all custodian qualifications in state organs and institutions of the central government and 32 provinces, autonomous regions, and municipalities directly under the central government. Moreover, comprehensive enterprise annuity services were offered to more than 1,700 enterprises. At the end of 2023, the scale of enterprise annuities in custody reached RMB 159,222 million<sup>16</sup>.

Pillar III: In 2023, the Bank comprehensively upgraded the “Happiness+” pension finance system. With one account, one set of products, one ledger, one set of services, one team, and one platform from the system, customers can have access to more comprehensive, higher-quality and more considerate pension finance services. By the end of 2023, the Bank opened 927,100 personal pension fund accounts were opened, and 3,097,800 users opened their pension accounts.

### **Stimulating consumption vitality**

The Bank thoroughly implemented the decisions and plans of the CPC Central

<sup>16</sup> Enterprise annuities scale and ranking based on data at the end of Q3, 2023 from the Ministry of Human Resources and Social Security.

Committee and the State Council on recovering and expanding consumption, and increased support for consumer finance.

- In terms of personal loan business, the Bank increased the extension of credit loans and lowered interest rates with a series of special offers to promote the release of consumer demands. Statistically, more than 10 million interest coupons were distributed, benefiting over 600,000 customers. To strengthen scenario integration, the “Consumption+” products were released for affordable housing scenarios, such as decorations and parking space purchases. The accumulative consumption loans amounted to RMB 390,927 million in 2023, an increase of 5.90% year on year.

- The Bank fully leveraged the active role of credit cards in “expanding internal demands, promoting consumption and benefiting our people”, and further promoted ecological operation. It partnered with leading platforms and enterprises in ecological businesses to further enrich and improve the co-branded card product system. The Bank upgraded the “99365” brand activity, and built a business ecology focusing on catering, supermarket, oil refueling and such other consumption categories related to people’s livelihood. Over 180,000 stores in China were covered. Furthermore, the Bank made overall arrangement for cross-border consumption scenarios, and designed activities like “Global Consumption Season” and “Cashback for Overseas Transactions”. In 2023, the volume of business done with credit cards of the Bank reached RMB 2,715.995 billion.

### Strengthening services for new urban residents

In order to promote financial services for new urban residents, the Bank set up a working group of financial services for new urban residents, issued the *Guidelines of China CITIC Bank on Financial Services for New Urban Residents (Version 1.0, 2023)*, established and improved the identity labels of new urban residents to precisely identify such groups through optimised system functions. The Bank catered to the financial needs of new urban residents in business startups, operations, and housing, and delved into their living and consumption scenarios to provide increased credit support and expand financial supply. By the end of 2023, the outstanding loans to new urban residents reached RMB 19,242 million.

Jinan Branch Issued Its First “CITIC-Jiaxuan Talent” Co-branded Card	Case
<p>In order to provide new urban residents with better financial services and effectively enhance their sense of gain, happiness and security, in March 2023, China CITIC Bank Jinan Branch collaborated with the CPC Jinan Licheng District Committee to introduce the “CITIC-Jiaxuan Talent” co-branded cards. These cards were issued to eligible talented individuals. In addition to the basic financial function of lending and borrowing, the “Jiaxuan Talent” cardholders can enjoy all-round financial services such as exclusive wealth management, house and car purchase discounts, and exclusive airport VIP room services. With such efforts, warm financial services were made accessible to new urban residents.</p>	

### Supporting “science, education, culture and health”

The Bank continuously increased support for people’s livelihood industries, such as



science, education, cultural tourism and health, by creating a characteristic business ecosystem and promoting the development of “science, education, culture and health” industries with financial vitality.

### **Fuzhou Branch Supported the Facility Construction of Local Medical and Health Project**

Case

China CITIC Bank Fuzhou Branch actively supported the medical and health development in Fujian Province. In 2023, it gave credit lines totaling about RMB500 million to medical and health institutions such as Fuzhou Changle District Hospital and Fujian Kangbaijia Pharmaceutical Group Co., Ltd. Meanwhile, Fuzhou Branch also actively supported the planning of public health and emergency medical projects in the province, and assisted local district governments and project owners in applying for and receiving approval for over 30 special medical bonds in the project library. In 2023, Fuzhou Branch assisted local governments in successfully issuing special bonds for investment in cultural tourism and medical care for 25 projects, and allocated RMB1,141 million of local municipal bond funds, as its powerful support to the construction of projects and facilities making up weak links in the medical and health sectors of Fujian Province.

### **Shanghai Branch Fully Supported Recovery of the Cultural Tourism Industry**

Case

Since this year, the cultural tourism industry in Shanghai has gained a strong recovery momentum. China CITIC Bank Shanghai Branch seized the opportunity from the development of the cultural tourism industry and fully supported this industry to recover and release capacity. Owing to its expertise in wealth management and cross-border business, the Branch offered comprehensive financial services to customers in the cultural tourism industry. By the end of 2023, the Shanghai Branch provided over RMB4 billion in on/off-balance-sheet financing to enterprises in the cultural tourism industry. The growth rate of the financing scale was higher than the Branch's average level, demonstrating CITIC's contribution to building local cultural brands and a capital of culture in Shanghai.

The Bank actively supported the development of education undertaking via credit products. By the end of 2023, over 350 clients from the education circle received credit support exceeding RMB 20 billion from the Bank. In addition, the Bank has obtained more than 60 qualifications for supervising funds of private education, and continuously supported local competent education departments at all levels to supervise funds to private educational institutions. Assistance was provided to nearly 10,000 educational institutions to open escrow accounts.

### **Zhengzhou Branch Facilitated Local Education Development with Its Financial Service Strength**

Case

In 2023, China CITIC Bank Zhengzhou Branch leveraged its strength in business and outlets to create a new bank-school service mode. It collaborated extensively with educational institutions in Henan Province, and provided comprehensive bank-school financial services, such as fund settlement, credit granting, agency payroll service, and personal business for teachers and students, to higher educational institutions, primary and secondary schools, and private educational institutions. Meanwhile, Zhengzhou Branch established the fixed assets loan projects and fee collection and payment systems in the new campuses of many vocational colleges. This move satisfied the demands of vocational colleges for campus construction and electronic fee collection and payment, and financially vitalized the prosperous development of education in Henan Province.

## 7.2 Jointly Building A Harmonious Society

We kept in mind our initial aspiration of finance for the people, prioritized the popularisation of financial knowledge in the whole society and the improvement of financial literacy of the general public, and conducted financial publicity and education activities in various forms for all walks of life. Meanwhile, we continued to operate the public welfare platform, constantly expanded our volunteer teams, diversified public welfare practices, and joined hands with all sectors of society to build a prosperous, fair and beautiful society.

### 7.2.1 Popularising Financial Knowledge

The Bank formulated the Management Measures of China CITIC Bank for Financial Knowledge Publicity and Education. It conducted targeted financial education and publicity campaigns regularly and intensively based on the characteristics of its operations and customer groups. The Bank laid emphasis on financial knowledge publicity and education to special groups such as migrant workers, the elderly, and students. Moreover, it gave full consideration to the diversity and difference of special groups, and introduced and popularised financial knowledge and the use of bank convenience facilities and tools in a way that can be easily understood by such people.

The Bank took an active part in a variety of education and publicity activities organised by regulators, including the “3.15 Week of Financial Consumer Protection Publicity”, “Publicity Month of Preventing Illegal Fund-raising”, “Popularising Financial Knowledge” and “Education and Publicity Month of Financial Consumer Rights Protection in 2023”. Statistically, a total of 12,570 activities were carried out in 2023 for 239 million person-times, and the original publicity materials were viewed by more than 33,323,100 times. Additionally, the Bank utilized emerging media to keep up with social trends and effectively promote financial education and awareness to the public.

#### **Xining Branch Built an Audio Library as an Innovative Financial Education Form**

Case

China CITIC Bank Xining Branch created a featured public education area by cooperating with Ximalaya to become Qinghai’s first financial institution with an audio library. The audio library, put into use in November 2022, offered a space for customers to learn financial knowledge independently, opened a new way of

“companion + immersive” learning in financial education, and made innovation in the public education service mode.

### Multiple Branches Built “Anti-fraud” Trains to Raise Financial Awareness

Case

Considering the flexibility and convenience of transportation means, multiple CITIC branches adopted innovative publicity forms by breaking geographical restrictions, and transmitted financial knowledge to those who do not have access to outlets. Ningbo Branch built Zhejiang’s first subway train with anti-fraud themes, which has become a photogenic anti-fraud spot for social media. Hefei Branch carried out publicity on consumer protection on China’s first inter-provincial intercity railway from Chuzhou to Nanjing to spread financial and anti-fraud knowledge to passengers. The anti-fraud publicity team from Yinchuan Branch carried out anti-fraud publicity on high-speed trains in a “mobile” manner for the first time. They held a loudspeaker in their hands and walked back and forth between carriages, sharing anti-fraud tips with passengers at “zero distance”.

### Bringing financial knowledge to towns and villages

In 2023, aimed at improving villagers’ financial literacy and risk prevention consciousness, the Bank expanded the width and depth of financial education in rural areas. It leveraged its strengths in resources and expertise to create new forms and methods for consumer protection publicity, and contributed to rural revitalization with practical actions.

### Fuzhou Branch Built a Provincial-level “Rural Financial Education Base”

Case

China CITIC Bank Fuzhou Branch took advantage of the rural financial publicity and education bases to provide diversified publicity and education activities, in order to constantly improve the financial literacy of rural residents. It gave full play to its strength in resources and built the first provincial-level “Rural Financial Education Base” in Putian City. Covering an area of approximately 100 square meters, the Rural Financial Education Base consists of functional areas such as two classrooms for financial knowledge education, a service office for financial dispute mediation, and an integrated service station for inclusive finance. This base provides an exclusive space for villagers in the Juxi area to know about and learn financial knowledge. Fuzhou Branch set up a team of rural finance lecturers for regular financial education. Moreover, to meet the needs of rural left-behind groups, they conducted special publicity activities for “the elderly and children”. These activities improved villagers’ consciousness of preventing financial risks and gained unanimous recognition and praise from local villagers.

### Benefiting elderly groups with financial knowledge

In 2023, the Bank organised business outlets to continuously offer courses on anti-

fraud, smartphone usage and financial knowledge. In addition, through sufficient communication with organisations for the elderly and in combination with their specific habits and hobbies, the Bank created three-dimensional activities to aid the elderly and helped them strengthen risk consciousness across the digital divide.

### Guiyang Branch Collaborated with a Seniors University to Create a Model of Financial Education for the Elderly

Case

China CITIC Bank Guiyang Branch attached great importance to the financial knowledge popularisation among the elderly and has actively and closely cooperated with Guizhou Seniors University for many years. In 2023, in order to further enhance the elderly's ability to prevent and identify frauds, Guiyang Branch delivered anti-fraud courses for the elderly at Guizhou Seniors University. Financial knowledge on consumption and money spending, investment and wealth management, wealth inheritance, and fund safety was spread to the elderly in straightaway language and in combination with vivid cases, pictures, texts and videos. Meanwhile, 18 issues of the courses on the *Financial Knowledge Book for the Elderly* were recorded and published on the official website and WeChat account of Guizhou Seniors University for study and use by the elderly.

#### Spreading financial knowledge to students

In 2023, through its close cooperation with educational institutions, the Bank popularised financial knowledge on currency, savings, consumption and honesty to students in vivid and lively ways such as stories, games and experiences, to build a defence line of financial risk prevention for school students.

### Nanning Branch Carried out Police-Bank Co-building Activities in Schools

Case

In 2023, China CITIC Bank Nanning Branch joined hands with the Nanning police to carry out the series activity of "Bringing Financial Knowledge to Campus: Anti-fraud Publicity to Children in the Year of the Rabbit", which was hosted in eight sessions and involved more than 1,200 persons. During the activity, Nanning Branch distributed financial publicity brochures and commemorative pens to children, and encouraged them to publicise financial knowledge to parents and people around them as little financial publicists. The characteristics, harms and prevention of phone frauds were explained to students in an easy-to-understand manner, and fraud cases targeting student victims were presented in a simple way, which deepened students' awareness of telecom frauds.

#### 7.2.2 Adhering to Public Selfare and Charity

The Bank abode by the *Charity Law of the People's Republic of China*, the *Law of the People's Republic of China on Public Welfare Donations* and other laws and regulations. It actively gave back to society and donated funds where they were most needed. In 2023, the Bank (including its subsidiaries) donated RMB11,735,100 in total, with the social contribution per share being RMB6.24, up 3.65%.

## Building public welfare platforms

“Ai Xin Hui” Public Welfare Platform	Case
<p>Since 2009, the Credit Card Center of the Bank has always adhered to the principle of “building public welfare platforms, advocating public welfare ideas, and encouraging personal practices”, and facilitated educational assistance through donating credit card points by cardholders, setting the first model in China. Since the establishment of the “Ai Xin Hui” public welfare platform in 2011, the construction and operation of the platform have been constantly promoted from the three dimensions of “customer service, finance for the people, and rural education”, and the points donated by cardholders were used to help schools and children in economically underdeveloped areas and remote mountainous areas.</p> <p>By the end of 2023, 1.5 million person-times donated their points on the platform, and with these points, which were converted to more than 210 “Dream Centre” multimedia classrooms and supporting courses for schools in 28 provinces, municipalities and autonomous regions across the country. It is particularly worth mentioning that during the special period of 2020-2022, the “Aixin Account” received 10 million love hearts from cardholders, equivalent to 10 billion points, which were converted to 100 “Dream Centre” multimedia classrooms and supporting courses.</p> <p>In March 2023, the Bank, in collaboration with the “Powerful Nation with Brands” project of CCTV, unveiled the first public welfare brand feature film - “Belief in Love, You’ll See a Future”, which presented the public welfare actions and achievements of the “Ai Xin Hui” platform over 13 years. In the future, the Bank will practice the principle of finance for the people as always, continue to promote rural revitalization through educational assistance with the “Ai Xin Hui” platform as a carrier, and contribute “CITIC Force” to society.</p>	

## Volunteer activities

The Young Volunteer Association of the Bank was founded in 2014 to carry out activities for practicing volunteerism, disseminating advanced concepts, and contributing to a harmonious society characterized by unity and mutual help, equality and fraternity, and common progress. In 2023, the Bank carried out 804 young volunteer activities, including education aid in rural areas, caring for the elderly, caring for children with illness and disadvantaged groups, bringing warmth to sanitation workers, advocating green and environmental protection, unconditional blood donation, charity donations and bazaars, and fighting against the pandemic. The services took nearly 15,000 volunteer hours of over 12,000 young employees.

Lhasa Branch Conducted Volunteer Activity of Protecting Wetlands for Environmental Protection	Case
<p>To strengthen wetland protection and safeguard wetland functions, over 10 young employees from China CITIC Bank Lhasa Branch went to the Lhasa wetland to carry</p>	

out ecological sanitation and cleaning in August 2023. At the activity scene, volunteers followed the planned cleaning scope and route, and used garbage tongs and bags to clean every corner of the wetland, including the water area, tidal land, grass and biological habitat, as well as the public areas surrounding the wetland, such as the fence edge and the viewing stand. This activity effectively improved the environmental condition of the wetland and protected its ecological function.

### Shanghai Branch's Volunteer Program of "Environmental Conservation for Wild Birds" Won a Prize in the National Competition

Case

To protect the natural environment and maintain ecological balance, China CITIC Bank Shanghai Branch participated in the volunteer program of "Environmental Conservation for Wild Birds" in the past six years. In 2023, this program stood out from nearly 300 programs in Shanghai and won the bronze prize in the national competition and the silver prize in the Shanghai session of the 3rd "Dedication Cup" Shanghai Youth Service Program Competition and the 6th Chinese Youth Volunteer Service Program Competition.

Shanghai Branch set up a Volunteer Team of "Environmental Conservation for Wild Birds" in May 2016, dedicated to patrol protection of wild birds. Program volunteers carried out patrol protection in the mountains and woodlands of Chongming, Pudong, Songjiang, Qingpu, and Jinshan in Shanghai to dismantle illegal bird nets and rescue trapped wild birds. In 2023, Shanghai Branch carried out 39 volunteer activities on loving and protecting birds and protecting the environment, involving 152 participants. Throughout the 46 person-times of participation by employees from Shanghai Branch, 57 living birds were rescued, 1,172 bird nets were dismantled, and the patrolling distance and duration were 819.43 kilometres and 352.5 hours. These active actions of loving and protecting birds protected the environment and maintained ecological balance.

## Appendixes

### I. ESG Performance

#### Economic performance

Indicator	2023	2022	2021
Total assets (RMB 100 million) <sup>*</sup>	90,524.84	85,475.43	80,428.84
Operating income (RMB 100 million) <sup>*</sup>	2,055.70	2,111.09	2,045.54
Total profit (RMB 100 million) <sup>*</sup>	748.87	734.16	655.17
Net profit (RMB 100 million) <sup>*</sup>	680.62	629.50	563.77
NPL ratio (%) <sup>*</sup>	1.18	1.27	1.39
Allowance coverage ratio (%) <sup>*</sup>	207.59	201.19	180.07
Social contribution value per share (in RMB) <sup>*</sup>	6.24	6.02	5.64
Outstanding loans to inclusive micro and small enterprises (RMB 100 million)	5,450.76	4,459.92	3,668.67
Outstanding loans to strategic emerging industries (RMB 100 million)	5,318.69	4,242.10	3,105.97
Outstanding financial loans for scientific innovation (RMB 100 million)	4,156.77	3,449.61	—
Number of SRDI enterprises serviced (number)	27,144	20,596	—
Outstanding loans to private enterprises (RMB 100 million)	7,975.99	7,514.20	6,995.71
Outstanding agriculture-related loans (RMB 100 million)	5,604.46	4,869.30	3,967.16
Outstanding loans for targeted poverty alleviation with financial services (RMB 100 million)	369.82	328.33	308.49

**Governance performance**

Indicator	2023	2022	2021
Percentage of independent directors (%)	44	36	33
Number of anti-money laundering training (times)	1,256	1,110	1,182

**Environmental performance****1. Green finance**

Indicator	2023	2022	2021
Outstanding green credit loan (RMB 100 million)	4,590.22	3,340.82	2,054.25
Issuing value of green bonds (RMB 100 million)	200	–	–
Value of green bonds underwritten (RMB 100 million)	103.10	55.26	–
Investments in green bonds (RMB 100 million)	168.67	106.76	–
Cumulative turnover transaction volume of green bonds (RMB 100 million)	431.27	396.62	–
Lease balance of green financing (RMB 100 million)	279.50	258.28	266.24

**2. Green operations****(1) Emissions<sup>\*\*\*</sup>**

Indicator	2023	2022	2021
Sulphur dioxide (in ton) <sup>17</sup>	0.02	0.02	0.03

<sup>17</sup> Sulphur dioxide emissions recorded herein mainly came from fuel consumption of official vehicles, with relevant data calculated according to the *Technical Guide for the Preparation of the List of Air Pollutant Emissions by Road Vehicles (for Trial Implementation)* released by the Ministry of Environmental Protection of the PRC.



Nitrogen oxides (in ton) <sup>18</sup>	0.34	0.45	0.52
Total greenhouse gas emissions (in ton) <sup>19</sup> (Scope 1 and Scope 2)	152,909.41	158,529.10	164,345.10
Per capita greenhouse gas emissions (in ton/person)	2.29	2.59	2.77
Greenhouse gas emissions per square meter of floor area (in ton/square meter)	0.07	0.07	0.07
Greenhouse gas emissions per RMB 100 million income (in ton/RMB 100 million)	74.27	74.99	80.34
Direct greenhouse gas emissions (Scope 1) (in ton) <sup>20</sup>	5,293.39	5,606.67	6,668.93
Gasoline purchased for official vehicles	2,431.78	2,392.36	3,936.40
Diesel purchased for official vehicles	1.22	0	0
Volume of diesel except for these consumed by vehicles <sup>21</sup>	9.45	14.75	11.34
Natural gas	2,796.07	3,075.44	2,589.29

<sup>18</sup> Nitrogen oxides emissions recorded herein mainly came from fuel consumption of official vehicles, with relevant data calculated according to the *Technical Guide for the Preparation of the List of Air Pollutant Emissions by Road Vehicles (for Trial Implementation)* released by the Ministry of Environmental Protection of the PRC.

<sup>19</sup> The list of greenhouse gases recorded herein includes carbon dioxide, methane and nitrous oxide. They mainly came from purchased electricity and fuel and are presented by carbon dioxide equivalents. They include direct (Scope 1) and indirect emissions (Scope 2).

<sup>20</sup> Direct greenhouse gas emissions recorded herein were calculated according to the *General Principles for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020), the *IPCC Sixth Assessment Report, 2006 IPCC Guidelines for National Greenhouse Gas Inventories (2019 Revision)* released by the Intergovernmental Panel on Climate Change (IPCC).

<sup>21</sup> The volume of diesel except for these consumed by vehicles refers to the diesel consumed by standby power generator and a few furnaces.

Gas <sup>22</sup>	3.14	29.37	27.28
Liquefied petroleum gas	51.73	94.75	104.62
Indirect greenhouse gas emissions (Scope 2) (in ton) <sup>23</sup>	147,616.02	152,922.43	157,676.17
Purchased electricity	147,616.02	152,922.43	157,676.17
Total hazardous wastes (in ton) <sup>24</sup>	311.19	301.15	294.27
Per capita hazardous wastes (in ton/person)	0.0047	0.0049	0.0050
Total hazardous wastes per square meter of floor area (in ton/square meter)	0.00014	0.00014	0.00012
Total hazardous wastes per RMB 100 million income (in ton/RMB 100 million)	0.15	0.14	0.14
Total harmless wastes (in ton) <sup>25</sup>	1,169.81	1,241.70	1,352.91
Per capita harmless wastes (in ton/person)	0.017	0.020	0.023
Total harmless wastes per square meter of floor area (in ton/square meter)	0.0005	0.0006	0.0006

<sup>22</sup> Gas and liquefied petroleum gas are prohibited in some places where some branches are located during 2023, resulting in significant difference in data compared with the previous year.

<sup>23</sup> Indirect greenhouse gas emissions recorded herein were calculated according to the *Notice on Managing the 2023-2025 Greenhouse Gas Emission Reports for Enterprises in the Power Generation Industry* issued by the Ministry of Ecology and Environment of the PRC, the latest emission coefficient information published by the Hong Kong Electric Company Limited (HEC), the latest emission coefficient information published by the CLP Holdings Limited Government, as well as the *Government Greenhouse Gas Conversion Factors for Company Reporting* published by the UK government.

<sup>24</sup> The hazardous wastes mentioned herein were handed over to qualified and specialized companies for disposal and they mainly include scrapped lead-acid batteries and scrapped ink boxes, toner cartridges, carbon powder and ribbons of printers.

<sup>25</sup> The harmless wastes mentioned herein mainly include scrapped office paper and scrapped hard disks.

Total harmless wastes per RMB 100 million income (in ton/RMB 100 million)	0.57	0.59	0.66
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**(2) Use of resources<sup>\*\*</sup>**

Indicator	2023	2022	2021
Total energy consumption (in MWh) <sup>26</sup>	281,590.07	277,158.43	291,477.56
Per capita energy consumption (in MWh/person)	4.21	4.54	4.92
Energy consumption per square meter of floor area (in MWh/square meter)	0.13	0.13	0.12
Energy consumption per RMB 100 million income (in MWh/RMB 100 million)	136.76	131.11	142.49
Direct energy consumption (in MWh) <sup>27</sup>	23,590.85	26,202.96	30,040.12
Gasoline purchased for official vehicles	9,500.96	9,772.83	16,080.26
Volume of diesel purchased for official vehicles	4.51	0	0
Volume of diesel except for these consumed by vehicles	35.20	56.11	43.13
Natural gas	13,803.50	15,728.24	13,242.00
Gas	19.56	218.65	203.09

<sup>26</sup> Total energy consumption mentioned herein includes direct and indirect energy consumption.

<sup>27</sup> The data on direct energy consumption in this report was calculated according to the amount of fuel consumed and relevant conversion factors provided in the *General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)*, a national standard of the PRC. Relevant energy includes natural gas, gas, diesel for facilities, liquefied petroleum gas and fuel consumed by official vehicles.

Liquefied petroleum gas	227.11	427.13	471.64
Indirect energy consumption (in MWh) <sup>28</sup>	257,999.22	250,955.47	261,437.44
Purchased electricity	257,999.22	250,955.47	261,437.44
Tap water consumption (in ton) <sup>29</sup>	2,076,159.46	2,053,398.88	2,463,067.33
Per capita tap water consumption (in ton/person)	31.04	33.61	41.57
Tap water consumption per square meter of floor area (in ton/square meter)	0.96	0.93	1.04
Tap water consumption per RMB 100 million income (in ton/RMB 100 million)	1,008.35	971.37	1,204.10

### (3) Low-carbon operations

Indicator	2023	2022	2021
A4 copy paper purchased (in ten thousand packs) <sup>**</sup>	51.42	53.19	59.05
Substitution rate for paper statements of credit cards (%)	100	100	100
Number of video conferences (in number)	7,465	6,983	6,992
Shunting ratio of e-channel for personal business (%)	99.74	99.72	99.65

## Social performance

### 1. Employee benefit

<sup>28</sup> The data on indirect energy consumption in this report is calculated according to the amount of electricity consumed and relevant conversion factors provided in the *General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020)*.

<sup>29</sup> The tap water consumption in this report includes tap water consumption measured with separate meters and tap water consumption equally shared by all.

**(1) Basic employee information\***

Indicator	2023	2022	2021
Total employees (in person)	66,891	61,103	59,258
Employees under labor contract with the Bank (in person)	66,057	60,314	58,329
Employees dispatched to the Bank or hired with letters of engagement (in person)	834	789	929
Male employees (in person)	30,622	27,678	27,075
Female employees (in person)	36,269	33,425	32,183
Ethnic-minority employees (in person)	3,204	2,780	2,723
Primary-level employees (in person)	59,647	54,000	52,332
Managerial employees (in person) <sup>30</sup>	7,244	7,103	6,926
Aged 30 and below (in person)	16,219	14,501	15,425
Aged between 31 and 50 (in person)	46,605	42,853	40,571
Aged above 51 (in person)	4,067	3,749	3,262
Circum-Bohai Sea Region (in person)	18,058	15,995	15,367
Yangtze River Delta Area (in person)	13,155	11,850	11,407
Pearl River Delta and Haixi Area (in person)	13,502	12,781	12,436
Number of employees in the central region (in person)	8,404	7,959	7,791
Number of employees in the western region (in person)	8,619	7,594	7,470

<sup>30</sup> Refers to deputy directors of the Head Office, deputy department heads of tier-1 subsidiaryies/branches, deputy heads of sub-branches, and personnel at or above the equivalent level.

Number of employees in the northeastern region (in person)	2,495	2,358	2,358
Number of overseas employees (in person)	2,658	2,566	2,429
Newly recruited employees (in person)	8,587	4,862	4,434
Newly recruited female employees (in person)	4,881	2,660	2,278
Newly recruited male employees (in person)	3,706	2,202	2,156
Localization rate of senior management in the Head Office (%)	100	100	100

## (2) Statistics on staff turnover

Indicator	2023	2022	2021
Employee turnover rate (%)	2.58	3.29	5.67
Female employee turnover rate (%)	2.40	2.91	4.46
Male employee turnover rate (%)	2.81	3.75	6.44
Turnover rate of employees aged 30 and below (%)	4.47	5.14	5.89
Turnover rate of employees aged between 31 and 50 (%)	2.12	2.87	4.48
Turnover rate of employees aged above 51 (%)	0.29	0.58	0.55
Turnover rate of employees in the Circum-Bohai Sea Region (%)	1.42	2.33	3.55
Turnover rate of employees in the Yangtze River Delta (%)	3.12	3.8	3.86
Turnover rate of employees in the Pearl River Delta and Haixi Region (%)	3.64	4.11	7.49

Turnover rate of employees in the central region (%)	2.06	3.14	4.36
Turnover rate of employees in the western region (%)	3.29	3.56	4
Turnover rate of employees in the northeastern region (%)	1.53	2.85	3.92

### (3) Employees casualties

Indicator	2023	2022	2021
Number of employees died on the job (in person)	1	1	0
Ratio of employees died on the job (%)	0.0017	0.0018	0
Number of employees injured on the job (in person)	63	39	77
Time lost due to injury (in days)	2,961.19	1,394.44	3,084.44

### (4) Employee training

Indicator	2023	2022	2021
Total training cost (in RMB ten thousand) <sup>31</sup>	17,038.55	7,333.07	9,748.12
Training cost per capita (in RMB)	2,854.36	1,285.96	1,794.18
Total number of participants (in person-time)	796,795	850,344	533,738
Times of training per employee (in times)	13.35	14.91	9.63
Duration of training per management staff (days/person)	6	6	3

<sup>31</sup> A large number of online training programs return to offline with the progress of COVID-19 prevention and control, the total investment in training in 2023 has significantly increased compared to the previous period.

Duration of training per non-management staff (days/person)	20	18	12
Duration of training per female employee (days/person)	10	10	11
Duration of training per male employee (days/person)	9	10	10
Percentage of female employees attending training (%)	100	100	100
Percentage of male employees attending training (%)	100	100	100
Percentage of management staff attending training (%)	100	100	100
Percentage of non-management staff attending training (%)	100	100	100

## 2. Supplier management

Indicator	2023	2022	2021
Supplier review coverage (%)	100	100	100
Total number of suppliers (in number)	18,463	17,034	16,931
Number of suppliers in Chinese mainland (in number)	18,402	16,984	16,877
Number of suppliers in Hong Kong, Macao and Taiwan (in number)	41	30	34
Number of overseas suppliers (in number)	20	20	20

## 3. Customer service

Indicator	2023	2022	2021
Outlets (in number)	1,451	1,428	1,415



Outlets in counties (in number)	158	154	159
Outlets with a wheelchair-accessible ramp (in number)	1,233	1,210	1,197
Self-service terminals (in set)	4,482	4,967	5,397
Satisfaction with debit card in all channels (%)	98.54	98.30	98.03
Satisfaction with credit card in calls (%)	98.56	98.52	98.59
Customer complaints received through all channels (number)	267,424	322,165	309,661

#### 4. Community development

Indicator	2023	2022	2021
Total donations (in RMB ten thousand) <sup>※</sup>	1,173.51	855.04	1,161.92
Volunteer activities (in number of times) <sup>※</sup>	804	598	288
Total purchase amount in consumption assistance (in RMB ten thousand)	5,299.93	4,590.26	1,896.58
Public education activities organized (in number of times)	12,570	10,340	14,670

**II. GRI Index**

Topics Standards	Disclosure Items	Pages
<b>General Disclosures</b>		
GRI2: General Disclosures	2-1 Organizational profile	1
	2-2 Entities included in organizational sustainability reporting	1
	2-3 Reporting period, reporting frequency and contacts	2
	2-4 Information restatement	Not Applicable
	2-5 External assurance	166-168
	2-6 Activities, value chains and other business relations	3
	2-7 Employees	140-142
	2-8 Workers other than employees	144
	2-9 Governance structure and composition	31-33
	2-10 Nomination and selection of the highest governing bodies	33-34
	2-11 President of the highest governing bodies	31-38
	2-12 Supervisory role of the highest governing bodies in impact management	31-38
	2-13 Responsibility delegation for impact management	31-38
	2-14 Role of the highest governing bodies in sustainability report	17-18

Topics Standards	Disclosure Items	Pages
	2-15 Conflict of interest	36
	2-16 Communication of key issues	21-26; 38-39
	2-17 Common knowledge of the highest governing bodies	31-38
	2-18 Performance assessment of the highest governing bodies	37-38
	2-19 Remuneration policy	37-38
	2-20 Remuneration determination procedure	37-38
	2-21 Percentage of annual total remuneration	Not Disclosed
	2-22 Statement on sustainability strategy	17-20
	2-23 Policy commitment	113
	2-24 Integration policy commitment	34-38
	2-25 Procedures to remedy negative impacts	115-117
	2-26 Mechanisms for seeking advice and raising concerns	115-117
	2-27 Compliance with laws and regulations	45-55
	2-28 Membership qualifications of societies	20-21
	2-29 Participation methods for stakeholders	21-26
	2-30 Collective bargaining agreement	115-117

Topics Standards	Disclosure Items	Pages
<b>Substantive topics</b>		
GRI3: Substantive Topics	3-1 Process of identifying substantive topics	21-25
	3-2 List of substantive topics	28-30
	3-3 Management of substantive topics	21-30
<b>Economic performance</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	57-78; 135-136
GRI201: Economic Performance	201-1 Direct economic value generated and distributed	7; 135-136
	201-2 Financial implications and other risks and opportunities due to climate change	78-81
	201-3 Defined benefit plan obligations and other retirement plans	113-114
	201-4 Financial subsidies from government	Not Applicable
<b>Market presence</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	113-120
GRI202: Market Presence	202-1 Ratio of standard starting wage to the local minimum wage by gender	Not Disclosed
	202-2 Percentage of senior management employed by local communities	142

Topics Standards	Disclosure Items	Pages
<b>Indirect economic impacts</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	57-67
GRI203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	57-67
	203-2 Significant indirect economic impacts	57-67
<b>Procurement practices</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	88-90
GRI204: Procurement Practices	204-1 Proportion of expenditure on procurement from local suppliers	88
<b>Anti-corruption</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	45-54
GRI205: Anti-corruption	205-1 Outlets where a corruption risk assessment has been conducted	45-54
	205-2 Communication and training of anti-corruption policies and procedures	45-54
	205-3 Confirmed incidents of corruption and actions taken	53-54
<b>Anti-competition behavior</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	Not Disclosed

Topics Standards	Disclosure Items	Pages
GRI206: Anti-competition Behavior	206-1 Legal action against anti-competition behavior, antitrust, and anti-monopoly practices	Not Disclosed
<b>Taxation</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	Not Disclosed
GRI207: Taxation	207-1 Taxation guideline	Not Disclosed
	207-2 Tax governance, control and risk management	Not Disclosed
	207-3 Stakeholder involvement and management of tax-related issues	Not Disclosed
	207-4 Country report	Not Disclosed
<b>Materials</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	82-88; 136-140
GRI301: Materials	301-1 Materials used by weight or volume	136-140
	301-2 Recycled feed	85-86
	301-3 Recycled products and packaging materials	85-86
<b>Energy</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	82-88; 136-140
GRI302: Energy	302-1 Energy consumption within the organization	139-140
	302-2 Energy consumption outside the organization	Not Applicable

Topics Standards	Disclosure Items	Pages
	302-3 Energy intensity	139-140
	302-4 Reduction of energy consumption	82-88
	302-5 Decrease of energy demands from products and services	Not Applicable
<b>Water and effluents</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	82-88; 139-140
GRI303: Water and Effluents	303-1 Interaction between organizations and water as a common resource	84-86
	303-2 Management of drainage related impacts	84-86
	303-3 Water intake	84-86
	303-4 Drainage	84-86
	303-5 Water consumption	140
<b>Biodiversity</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	76-77
GRI304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	76-77
	304-2 Significant impact of activities, products and services on biodiversity	76-77
	304-3 Protected or restored habitats	76-77

Topics Standards	Disclosure Items	Pages
	304-4 Species on the IUCN Red List and the National Conservation Register in habitats affected by operation	Not Applicable
<b>Emission</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	82-88; 136-140
GRI305: Emission	305-1 Direct (Scope 1) GHG emissions	137
	305-2 Energy indirect (Scope 2) GHG emissions	137
	305-3 Other indirect (Scope 3) GHG emissions	Not Disclosed
	305-4 GHG emissions intensity	137
	305-5 Reduction of GHG emissions	137
	305-6 Emissions of ozone-depleting substances (ODS)	Not Disclosed
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	136-137
<b>Waste</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	82-88; 136-140
GRI306: Waste	306-1 Waste generation and significant waste-related impacts	82-88
	306-2 Management of waste related significant impacts	82-88
	306-3 Wastes generated	136-140



Topics Standards	Disclosure Items	Pages
	306-4 Wastes from disposal	136-140
	306-5 Wastes to be disposed	136-140
<b>Environment assessment of suppliers</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	88-90;144
GRI308: Environment Assessment of Suppliers	308-1 New suppliers screened using the environmental assessment dimension	88-90
	308-2 Negative environmental impacts in the supply chain and actions taken	88-90
<b>Employment</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	113-118; 141-142
GRI401: Employment	401-1 New employee hiring rate and employee turnover rate	142-143
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	113-116
	401-3 Parental leave	113
<b>Labor/management relations</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	113-118
GRI402: Labor/Management Relations	402-1 Minimum notice period for operational changes	Not Disclosed
<b>Occupational health and safety</b>		

Topics Standards	Disclosure Items	Pages
GRI3: Substantive Topics	3-3 Management of substantive topics	114-116; 143
GRI403: Occupational Health and Safety	403-1 Occupation health and safety management system	114-116
	403-2 Hazard identification, risk assessment and accident investigation	114-116
	403-3 Occupational health service	114-116
	403-4 Occupational health and safety matters: worker participation, consultation and communication	114-116
	403-5 Occupational health and safety training for workers	114-116
	403-6 Promoting worker health	114-116
	403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relationships	114-116
	403-8 Workers covered by the occupational health and safety management system	114-116
	403-9 Work-related injuries	143
	403-10 Work-related health issues	143
<b>Training and education</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	118-120
GRI404: Training and Education	404-1 Average annual training hours per employee	143-144

Topics Standards	Disclosure Items	Pages
	404-2 Employee skills upgrading programs and transition assistance programs	118-120
	404-3 Percentage of employees receiving performance and career development assessment regularly	118
<b>Diversity and equal opportunity</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	34; 113-114
GRI405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	34; 113-114
	405-2 Ratio of basic pay and remuneration for men and women	Not Disclosed
<b>Non-discrimination</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	113
GRI406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	113
<b>Freedom of association and collective bargaining</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	116-117
GRI407: Freedom of Association and Collective Bargaining	407-1 Outlets and supplies challenged by risks in freedom of association and collective bargaining	Not Applicable
<b>Child labor</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	113

Topics Standards	Disclosure Items	Pages
GRI408: Child Labor	408-1 Outlets and suppliers with significant risks from child labor events	Not Applicable
<b>Forced or compulsory labor</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	113-116
GRI409: Forced or Compulsory Labor	409-1 Outlets and suppliers with significant risks from forced or compulsory labor events	Not Applicable
<b>Security practice</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	113-116
GRI410: Security Practice	410-1 Guards trained for human right policies or procedures	113-116
<b>Rights of indigenous peoples</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	Not Applicable
GRI411: Rights of Indigenous Peoples	411-1 Events infringing the rights of indigenous peoples	Not Applicable
<b>Local community</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	121-134
GRI413: Local Community	413-1 Outlets with local community engagement, impact assessments and development plans	121-134
	413-2 Outlets with actual or potential significant negative impacts on local community	Not Applicable

Topics Standards	Disclosure Items	Pages
<b>Supplier social assessment</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	88-90; 144
GRI414: Supplier Social Assessment	414-1 New suppliers screened by social standards	88-90
	414-2 Negative social impacts in the supply chain and actions taken	88-90
<b>Public policy</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	Not Applicable
GRI415: Public Policy	415-1 Political contribution	Not Applicable
<b>Customer health and safety</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	105-112
GRI416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	105-112
	416-2 Breaches involving the health and safety impacts of products and services	Not Applicable
<b>Marketing and labeling</b>		
GRI3: Substantive Topics	3-3 Management of substantive topics	54-55; 97-101
GRI417: Marketing and Labeling	417-1 Requirements on product and service information and labeling	54-55

Topics Standards	Disclosure Items	Pages
	417-2 Breaches involving product and service information and labeling	54-55
	417-3 Breaches involving marketing propagation	101
<b>Customer privacy</b>		
GRI3: Substantive Topics	3-3Management of substantive topics	108-112
GRI418: Customer Privacy	418-1 Substantiated complaints involving violations of customer privacy and loss of customer data	111-112

### III. ESG Index

Mandatory Disclosure Requirements		
	Content	Pages
<b>Governance Structure</b>	<p>A statement from the board containing the following elements:</p> <p>(i) a disclosure of the board’s oversight of ESG issues;</p> <p>(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer’s businesses); and</p> <p>(iii) how the Board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.</p>	17-30
<b>Reporting Principles</b>	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report.</p> <p><b>Materiality: The ESG report should disclose:</b></p> <p>(i) the process to identify and the criteria for the selection of material ESG factors;</p> <p>(ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</p> <p><b>Quantitative:</b> Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p><b>Consistency:</b> The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	1
<b>Reporting Boundary</b>	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	1

“Comply or Explain” Provisions			
Category	Topics	KPI	Pages
<b>Environmental</b>	A1 Emissions	General Disclosure: Information on: relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	82
		A1.1 The types of emissions and respective emissions data.	136-139
		A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	136-139
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	136-139
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	136-139
		A1.5 Description of emission target(s) set and steps taken to achieve them.	82-88
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	86
	A2 Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	82



		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	139-140
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	140
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	82-88
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	82-84
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable
	A3 The Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	82
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	68-77; 82-88
	A4 Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact the issuer.	78-79
		A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	80-81

<b>Social</b>	B1 Employment	General Disclosure: Information on: relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	113-120
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	141-142
		B1.2 Employee turnover rate by gender, age group and geographical region.	142-143
	B2 Health and Safety	General Disclosure: Information on: relating to providing a safe working environment and protecting employees from occupational hazards.  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	114-115
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	143
		B2.2 Lost days due to work injury.	143
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	114-117
	B3 Development	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work.	118-120

<b>Social</b>	and Training	Description of training activities.	
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	143-144
		B3.2 The average training hours completed per employee by gender and employee category.	143-144
	B4 Labor Standards	General Disclosure: Information on: relating to preventing child and forced labor.  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	113; 114-115
		B4.1 Description of measures to review employment practices to avoid child and forced labor.	113; 114-115
		B4.2 Description of steps taken to eliminate such practices when discovered.	113; 114-115
	B5 Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.	88-90
		B5.1 Number of suppliers by geographical region.	144
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	88-90
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	88-90

		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	88-90
B6 Product Responsibility		General Disclosure: Information on: relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	54-55; 91-112
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable
		B6.2 Number of products and service-related complaints received and how they are dealt with.	103-105
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	54-55
		B6.4 Description of quality assurance process and recall procedures.	Not Applicable
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored	108-112
	B7 Anti-corruption		General Disclosure: Information on: relating to bribery, extortion, fraud and money laundering.  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant

		impact on the issuer.	
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	52-53
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	54
		B7.3 Description of anti-corruption training provided to directors and staff.	53
	B8 Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	121-130
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	121-134
		B8.2 Resources contributed (e.g. money or time) to the focus area.	121-134; 145

## IV. Independent Assurance Report

### Independent Practitioner's Limited Assurance Report

To the Board of Directors of CITIC Bank Corporation Limited

#### **Report on selected information in CITIC Bank Corporation Limited's (hereafter referred to as "CITIC Bank") Environmental Social and Governance Report for the 2023**

##### **Conclusion**

We have performed a limited assurance engagement on the for indicators 2023 in Appendix I ESG Performance in *CITIC Bank Corporation Limited's Environmental, Social and Governance ("ESG") Report for the 2023* (hereafter referred to as "the assured sustainability information"):

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that CITIC Bank's is not prepared, in all material respects, according to the preparation criteria (hereinafter referred to "Preparation Basis") for 2023 Sustainability Report.

Our conclusion on the assured sustainability information does not extend to any other information that accompanies or contains the *assured sustainability information and our assurance report* (hereafter referred to as "other information"). We have not performed any procedures as part of this engagement with respect to the other information.

##### **Basis for conclusion**

We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants* (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Restriction on use**

This report is made solely to you, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Our conclusion is not modified in respect of this matter.

### **Responsibilities for the assured sustainability information**

The Board of Directors of CITIC Bank are responsible for

- designing, implementing and maintaining internal control relevant to the preparation of the assured sustainability information that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the assured sustainability information and appropriately referring to or describing the criteria used; and
- preparing the assured sustainability information in accordance with the criteria.

### **Inherent limitations in preparing the assured sustainability information**

We remind users that there is no recognized evaluation and measurement standard system for non-financial data, so there are inconsistent measurement methods, which will affect the comparability of data between companies.

### **Our responsibilities**

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the *assured sustainability information* is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to you.

### **Summary of the work we performed as the basis for our conclusion**

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the assured sustainability information that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the assured sustainability information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In addition, our purpose is not to express opinions on the effectiveness of CITIC's internal control. Within the work scope, we only work for CITIC Head Office and Changsha Branch. In carrying out our engagement, we:

- Interviews with departments in charge of the Sustainability Report and departments involved in providing performance information for inclusion in the Sustainability Report, to inquire into the design and operation of the Sustainability Report information collection and summary procedures;

- Consistency comparison between key financial performance data in the selected sustainability information with related data in the financial statements;
- Analytical procedures of the selected sustainability information, based on which we carried out sampling and recalculations of selected sustainability information;
- On-site interviews with Changsha Branch;
- Other procedures deemed necessary.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

*KPMG*  
*CHINA Beijing*  
*21 March 2024*



## V. Feedback Questionnaire

To help us better understand your needs, improve the quality of the CSR report and provide you and other stakeholders with more valuable information, we would like to invite you to fill in the Feedback Questionnaire and send it back to us either by facsimile or by mail delivery (please kindly indicate “Feedback Questionnaire about China CITIC Bank CSR Report” on the envelope if you choose mail delivery).

Tel.: 010-66638188      Email: ir@citicbank.com

Address: Head Office of China CITIC Bank, Yard No. 10 Guanghai Road, Chaoyang District, Beijing

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1. For China CITIC Bank, your stakeholder category is:

Government/Regulator     Shareholder/Investor     Customer/Consumer     Supplier/Partner     Employee     Community     Media

2. Your overall view of the Report is:

Excellent     Good     General

3. How do you think about the quality of the information on environmental, social and governance (ESG) disclosed in the Report?

Excellent     Good     General

4. Do you think that the Report has comprehensively reflected China CITIC Bank’s performance of Environmental, Social and Governance?

Yes     General     No

5. Do you think that the Report can fully meet the expectations and demands of stakeholders of China CITIC Bank?

Yes     General     No

6. Which part of the Report are you most interested in?

Improving corporate governance     Supporting the Real Economy     Serving regional development     Implementing inclusive finance     Promoting green development

Carrying out Green operation     Managing climate risks     High-quality customer service     Guaranteeing customers’ rights and interests     Empowering employees to grow     Assisting rural revitalization     Paying back to society

7. Please share with us your valuable comments and suggestions for sustainability report preparation and work of CITIC?

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Thank you sincerely for your concern and support for China CITIC Bank!